

This Hong Kong Covering Document forms part of and should be read in conjunction with the Prospectus of UBS (Lux) Key Selection SICAV dated October 2023, as amended from time to time.

# **UBS (Lux) Key Selection SICAV**

## **Hong Kong Covering Document**

October 2023

## CONTENTS

### Page

IMPORTANT INFORMATION FOR HONG KONG INVESTORS.....	1
CLASSES OF SHARES.....	2
INVESTMENT OBJECTIVES AND POLICIES .....	2
RISK FACTORS.....	6
MANAGEMENT AND ADMINISTRATION OF THE COMPANY .....	6
DEALING IN SHARES.....	21
CALCULATION OF NET ASSET VALUE .....	21
PUBLICATION OF NET ASSET VALUE .....	22
SUSPENSION OF NET ASSET VALUE CALCULATIONS.....	22
LIQUIDATION AND DISSOLUTION .....	22
FEES AND EXPENSES.....	22
TRANSACTION WITH CONNECTED PERSONS .....	23
REPORTS AND OTHER DOCUMENTS .....	24
LIQUIDITY RISK MANAGEMENT .....	25
DISTRIBUTION POLICY.....	26
TAXATION .....	27

## **IMPORTANT INFORMATION FOR HONG KONG INVESTORS**

This Hong Kong Covering Document (the “**HKCD**”) contains additional information for Hong Kong investors and may not be issued, circulated or distributed unless it is accompanied by the prospectus dated October 2023 (the “**Prospectus**”), and the Product Key Fact Statement of the Sub-Funds (defined below), which together form the offering documents (collectively, the “**Hong Kong Offering Document**” or “**HKOD**”) for the purpose of marketing shares of UBS (Lux) Key Selection SICAV (the “**Company**”) attributable to the Sub-Funds (the “**Shares**”) in the Hong Kong Special Administrative Region of the People’s Republic of China (“**Hong Kong**”). You should note that the Prospectus should be read subject to the terms of this document. Hong Kong investors should note that, notwithstanding the contents of the Prospectus, the English and/or any Chinese translations of the Hong Kong Offering Document are equally authoritative.

Full details relating to the Company and each of the Sub-Funds are set out in the Prospectus. Terms used in this HKCD shall, unless the context otherwise requires, have the meanings given to them in the Prospectus.

**Important – if you are in any doubt about the contents of the Hong Kong Offering Document, you should consult your stockbroker, bank manager, solicitor, accountant or other financial or professional adviser.**

**WARNING:** In relation to the sub-funds as set out in the Prospectus, only the Company and the following sub-funds (each a “Sub-Fund” and collectively, the “Sub-Funds”) are authorised by the Securities and Futures Commission of Hong Kong (the “SFC”) pursuant to Section 104 of the Securities and Futures Ordinance (Cap 571, Laws of Hong Kong) (the “SFO”), and hence may be offered to the public in Hong Kong:

**UBS (Lux) Key Selection SICAV - Asia Allocation Opportunity (USD)**  
**UBS (Lux) Key Selection SICAV - European Growth and Income (EUR)**  
**UBS (Lux) Key Selection SICAV - China Allocation Opportunity (USD)**

Please note that the Prospectus is a global offering document and therefore also contains information of the following sub-fund(s) of the Company which are not authorised by the SFC:

**UBS (Lux) Key Selection SICAV - Asian Equities (USD)**  
**UBS (Lux) Key Selection SICAV - Asian Global Strategy Balanced (USD)**  
**UBS (Lux) Key Selection SICAV - China Equity Unconstrained (USD)**  
**UBS (Lux) Key Selection SICAV - Climate Diversified (EUR)**  
**UBS (Lux) Key Selection SICAV - Credit Income Opportunities (USD)**  
**UBS (Lux) Key Selection SICAV - European Equity Value Opportunity (EUR)**  
**UBS (Lux) Key Selection SICAV - European Equity Sustainable Leaders (EUR)**  
**UBS (Lux) Key Selection SICAV - European Financial Debt Sustainable (EUR)**  
**UBS (Lux) Key Selection SICAV - Dynamic Alpha (USD)**  
**UBS (Lux) Key Selection SICAV - Digital Transformation Dynamic (USD)**  
**UBS (Lux) Key Selection SICAV - Digital Transformation Themes (USD)**  
**UBS (Lux) Key Selection SICAV - Global Allocation (EUR)**  
**UBS (Lux) Key Selection SICAV - Global Allocation (USD)**  
**UBS (Lux) Key Selection SICAV - Global Allocation (CHF)**  
**UBS (Lux) Key Selection SICAV - Global Equities (USD)**  
**UBS (Lux) Key Selection SICAV - Global Multi Income (USD)**  
**UBS (Lux) Key Selection SICAV - Multi Strategy Alternatives (EUR)**  
**UBS (Lux) Key Selection SICAV - Systematic Allocation Portfolio Equity (USD)**  
**UBS (Lux) Key Selection SICAV - Turnaround Equity Opportunities (USD)**

No offer shall be made to the public in Hong Kong in respect of the above unauthorised sub-funds of the Company. The issue of the HKOD was authorised by the SFC only in relation to the offer of the above SFC-authorised Sub-Funds to the public in Hong Kong.

### **Intermediaries should take note of this restriction.**

The SFC does not take responsibility for the financial soundness of the Company or any of the Sub-Funds or for the correctness of any statements or opinions expressed in the Hong Kong Offering Document. Authorization by the SFC does not imply official approval, recommendation or endorsement of the Company and/or the Sub Funds nor does it guarantee the commercial merits of the same or their performance. It does not mean that the Company and/or any Sub-Fund is/are suitable for all investors and neither is it an endorsement of their suitability for any particular investor or class of investors.

To the best of the knowledge and belief of UBS Fund Management (Luxembourg) S.A. as at the date of the Hong Kong Offering Document, there is a reasonable basis to formulate the section headed "Profile of the typical investor" in the Prospectus. The information under the section headed 'Profile of the typical investor' in the Prospectus is for reference only. Before making any investment decisions, investors should consider their own specific circumstances, including, without limitation, their own risk tolerance level, financial circumstances and investment objectives. If you are in any doubt about the information under the section headed 'Profile of the typical investor' in the Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

The Board of Directors of the Company accept full responsibility for the accuracy of the information contained in the Hong Kong Offering Document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement misleading.

### **CLASSES OF SHARES**

Investors should also refer to the section "Share classes" in the Prospectus for further details on each Share class (the "**Share Class**" or "**Class**") of the Company and for information on any additional features which other Share Classes may have. Not all share classes set out in the Prospectus are available for investment for Hong Kong investors. Investors should refer to the Product Key Fact Statement of the relevant Sub-Fund or check with the Hong Kong Representative or the relevant authorized distributors for classes of shares offered to Hong Kong investors.

### **INVESTMENT OBJECTIVES AND POLICIES**

The information contained in this section is additional to the information disclosed in the Prospectus with respect to the investment objectives and policies each Sub-Fund. For full details of the investment powers of each Sub-Fund, please refer to the sections titled "Investment objective and investment policy of the sub-funds" and "The sub-funds and their special investment policies" in the Prospectus.

#### General

The Sub-Funds are not designated by the Management Company as "ESG Funds" in accordance with the SFC's circular to management companies of SFC-authorized unit trusts and mutual funds on ESG Funds dated 29 June 2021 and ESG is not a key investment focus and consideration of the Sub-Funds.

With respect to securities financing transactions, where a proposed counterparty to a repurchase/reverse repurchase agreement or securities lending transaction is not subject to a credit rating, exception approval is required within the Company before engagement of the relevant counterparty.

The net derivative exposure of each Sub-Fund may be up to 50% of its net asset value. This is provided that such limits may be exceeded in such circumstances as permitted under the Code on Unit Trusts and Mutual Funds, handbook, code and/or guideline issued by the SFC from time to time or permitted by the SFC from time to time. Net derivative exposure shall be calculated in accordance with the Code on Unit Trusts and Mutual Funds and the requirements and any supplementary guidance and/ or guidelines issued by the SFC from time to time.

## Sub-Fund details

### **UBS (Lux) Key Selection SICAV - Asia Allocation Opportunity (USD)**

#### *Strategy*

The Sub-Fund invests mainly (i.e. at least 70% of its net assets) in equities and equity rights (including Real Estate Investment Trusts ("**REITs**")) or debt securities of companies domiciled or chiefly active in Asia. Up to 75% of the Sub-Fund's net assets may be invested in equity securities of companies that are listed, or have their registered offices, or that generate a predominant share of their sales and/or profits, in Asia (including emerging markets), and up to 75% of the Sub-Fund's net assets may be invested in debt securities issued or guaranteed by bodies in, registered in, or with significant operations in Asia. The asset allocation of the Sub-Fund will change according to the Portfolio Manager's views of fundamental economic and market conditions and investment trends across the globe, taking into consideration factors such as liquidity, costs, timing of execution, relative attractiveness of individual securities and issuers available in the market. The Sub-Fund's investments are not limited to a particular range of market capitalisations. The Sub-Fund also invests in emerging markets within Asia.

The Sub-Fund may invest up to 35% of its net assets in REITs if such investments fulfil the criteria of being (i) a UCITS or other UCI or (ii) a transferable security. Within the legally permissible framework, the Sub-Fund also invests in non-traditional asset classes focusing for instance on infrastructure or commodities, via financial derivative instruments, UCIs and/ or UCITS.

The Sub-Fund may invest a maximum of 50% of its net assets in instruments with a rating of BB+ or lower (by Standard & Poor's), a comparable rating from another internationally recognised rating agency or unrated securities determined by the Portfolio Manager to be equivalent. For the purpose of the Sub-Fund, "unrated" means that neither the instrument or its issuer has a credit rating.

The Sub-Fund may invest up to 20% of its net assets in China A Shares traded via Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

The Sub-Fund may invest up to 25% of its net assets in fixed-income instruments denominated in RMB and traded on the China Interbank Bond Market ("**CIBM**") through the CIBM Initiative or the Bond Connect. The Sub-Fund may invest up to 20% of its net assets in Urban Investment Bonds (城投債), which are debt instruments issued by Mainland Chinese local government financing vehicles ("**LGFVs**") and are typically not guaranteed by local governments or the central government of the Mainland China.

In order to fulfil its investment objective and achieve broad diversification, other than with respect to REITs, the Sub-Fund may invest its total assets in UCITS. Investments in UCIs other than UCITS may not exceed 30% of the Sub-Fund's net assets.

In addition, in order to make the best use of the investment opportunities, the Sub-Fund may invest up to 10% of its net assets in securities issued and/or guaranteed by a single sovereign issuer which are below investment grade.

The Sub-Fund may invest up to 50% of its net assets in instruments with loss-absorption features including contingent convertible debt securities, non-preferred senior debt instruments and senior or subordinated debt instruments. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s). Within this limit, the Sub-Fund may also invest up to 10% of its assets in contingent convertible bonds.

The Sub-Fund may invest in exchange-traded and OTC derivatives for investment purposes efficient portfolio management and/or for hedging market and currency positions. This includes, inter alia, forwards, futures, swaps and options.

The active currency positions implemented by the Sub-Fund may not be correlated with the underlying securities positions held by the Sub-Fund.

### ***UBS (Lux) Key Selection SICAV – European Growth and Income (EUR)***

#### *Objective*

The objective of this Sub-Fund is to achieve long-term growth using a diversified portfolio consisting primarily of European equities, bonds and convertible bonds.

#### *Strategy*

Investing in European high-yield bonds plays a central role in the investment strategy. As a result, a maximum of 75% of the Sub-Fund's investments shall be in debt securities and convertible bonds which have lower ratings, i.e. a maximum rating of BBB (Standard & Poor's), a comparably low rating from another recognised rating agency or – insofar as a new issue is concerned that does not yet have an official rating or an issue that has no rating at all – a comparably low internal UBS rating.

An exchangeable bond is a type of convertible bond that offers the holder the right to exchange the debt of an issuer for stock of a company other than the issuer (but usually within the same group). A warrant-linked bond is a type of convertible bond that is composed of a bond and a warrant. The Sub-Fund may invest a maximum of 50% of its net assets in European equities.

Following the principle of risk diversification, in general, bonds are selected based on various criteria such as sector, valuation and credit quality, whereas equities are generally selected based on bottom-up fundamental research and takes into account quantitative (e.g. growth potential, valuation, dividend income) and qualitative (e.g. corporate governance) factors. When making asset allocation decisions, the Portfolio Manager typically takes into account long term valuation signals by assessing the intrinsic or fair value of an asset class, and short term market behavioural indicators such as market stress, macroeconomic landscape etc.

The Sub-Fund does not intend to invest more than 10% of the Sub-Fund's net asset value in securities issued and/or guaranteed by a single sovereign issuer which are below investment grade.

In order to fulfil its investment objective and achieve a broad diversification, the Sub-Fund may invest its total assets in undertakings for collective investment in transferable securities (UCITS) that are recognized jurisdiction schemes<sup>1</sup> domiciled in jurisdictions such as Luxembourg and Ireland. Investments in undertakings for collective investment (UCIs) other than UCITS may not exceed 30% of the Sub-Fund's net assets.

In addition to the Sub-Fund's other primary investments, the Sub-Fund will also primarily invest in currencies (indirectly via financial derivative instruments). The active currency positions implemented by the Sub-Fund may not be correlated with the underlying assets of the Sub-Fund.

The Sub-Fund may invest up to 50% of its total net asset value in instruments with loss-absorption features including contingent convertible debt securities, non-preferred senior debt instruments and senior or subordinated debt instruments. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s).

The Sub-Fund may use financial derivative instruments for investment, hedging and efficient portfolio management purposes.

---

<sup>1</sup> The list of recognised jurisdiction schemes is available from the SFC website.

The Sub-Fund may also make investments on the credit derivatives market by, among other things, investing in credit default swaps (CDS) of individual issuers and in indices of the iTraxx and CDX index family that are based on the CDS of individual issuers.

### ***UBS (Lux) Key Selection SICAV – China Allocation Opportunity (USD)***

#### *Objective*

The objective of this Sub-Fund is to achieve capital growth and generate income by investing in a diversified portfolio with a focus on China.

#### *Strategy*

Under normal circumstances, the Sub-Fund expects to invest up to 65% of its net asset value in equities and equity rights and up to 65% of its net asset value in bonds and claims (i.e. secured obligations such as bank loans and other debt instruments) of companies domiciled or chiefly active in China. Actual allocation may vary from time to time and may temporarily exceed the above percentages depending on different factors (including changes in economic conditions).

The Sub-Fund may also invest up to 65% of the Sub-Fund's net asset value in securities traded on the onshore China securities market. Please refer to the relevant section of the Sub-Fund's investment policy in the section titled "The sub-funds and their special investment policies" in the Prospectus for further details of these China securities.

The Sub-Fund may invest up to 100% of its net asset value in equities and bonds issued or traded offshore outside the PRC (including but not limited to H-shares traded on The Stock Exchange of Hong Kong Limited and American Depositary Receipts (ADR)/Global Depositary Receipts (GDR) traded on other overseas stock exchange or offshore RMB rate (CNH)-denominated bonds).

The Sub-Fund may have a majority of its investments denominated in RMB and may also invest in assets other than RMB, such as USD, HKD or other currencies.

The Sub-Fund may invest up to 65% of the Sub-Fund's net asset value in high-yield bonds and claims with a rating of BBB (Standard & Poor's) or lower, a comparable rating from another internationally recognised rating agency or – insofar as an issue does not have an official rating– a comparable internal UBS rating. In most circumstances, an international rating is not available for Chinese onshore bonds and as such a PRC local credit rating agency will be used. The Sub-Fund may invest up to 5% of its net asset value in Chinese onshore bonds rated below AA- by PRC local credit rating agencies.

The Sub-Fund does not intend to invest more than 10% of the Sub-Fund's net asset value in offshore securities issued and/or guaranteed by a single sovereign issuer which are below investment grade (i.e. ratings below "BBB-" as assigned by international credit rating agencies for offshore securities).

The Sub-Fund may invest up to 50% of its total net asset value in instruments with loss-absorption features including contingent convertible debt securities, non-preferred senior debt instruments and senior or subordinated debt instruments. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s).

In order to fulfil its investment objective and achieve broad diversification, the Sub-Fund may invest up to 10% of its net assets in undertakings for collective investment (UCI) and undertakings for collective investment in transferable securities (UCITS) that are recognized jurisdiction schemes<sup>2</sup> domiciled in jurisdictions such as Luxembourg and Ireland.

The Sub-Fund may use financial derivative instruments for investment management and hedging purposes.

---

<sup>2</sup> The list of recognised jurisdiction schemes is available from the SFC website.

## **RISK FACTORS**

Investment in any Sub-Fund carries with it a degree of risk, including, but not limited to, those referred to in the section titled “General risk information” in the Prospectus and below. Potential investors should read the Hong Kong Offering Documents and consult with their legal, tax and financial advisors prior to making a decision to invest.

There can be no assurance that the Sub-Fund will achieve its investment objectives and past performance should not be seen as a guide to future returns. An investment in the Sub-Funds may fall in value due to the risk factors set out in the Hong Kong Offering Documents, and therefore, an investment in the Sub-Funds may result in an investor suffering losses. There is no guarantee of the repayment of principal.

### *Equities*

The returns of securities are affected by various factors including changes in investment sentiment, political and economic conditions, issuer-specific factors, the underlying strength of cash flows, balance sheets and management. These factors may impact the ability of the underlying company to meet the challenges of fluctuating economic growth, structural change and competitive forces and the ability to pay dividends to shareholders. Dividends declared by the companies in which the Sub-Fund may invest are not guaranteed. Investment in equities may result in the loss of capital.

Investment returns of international shares (and related derivatives) are also affected by fluctuations in exchange rates. The currency exposure of international funds may be hedged to a certain currency. Investments into shares listed in less developed markets, commonly referred to as emerging markets are riskier and involve special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility (due to the more volatile nature of their fundamentals). Emerging markets are generally at an early stage of development which can typically result in a higher level of price volatility and potential settlement difficulties, leading to significant fluctuations in the prices of the securities traded on such markets. Such volatility may adversely affect the net asset value per share of the Sub-Funds and investors may as a result suffer losses. These markets also provide less liquidity than their developed market counterparts. Securities exchanges in emerging markets typically have the right to suspend or limit trading in any security traded on the relevant exchange. The government or the regulators may also implement policies that may affect the financial markets. Please refer to the section titled “General risk information” in the Prospectus for details of the risks associated with emerging markets investments. All these may have a negative impact on the Sub-Funds.

Similarly, investments into private securities afford limited liquidity to the investor, due to the fact that they are unlisted.

### *Fixed income*

The capital value of fixed income securities will rise and fall as a consequence of changes in interest rates. If interest rates rise, the value of a fixed income security falls; if interest rates fall, its value rises. Increase in market interest rates will adversely impact on the value of these fixed income securities. The magnitude of these changes depends mainly on the term to maturity of the security. In general, a security with a longer term to maturity is more affected by interest rate changes. When investing in fixed income securities it is also necessary to consider the impact of credit risk. Credit risk refers to the issuer of a debt instrument failing to meet an obligation to pay periodic interest or to repay the principal sum at maturity. In addition, emerging markets debt which is normally below investment grade quality has a much higher risk of default. The entire purchase price of the debt instrument is at risk of loss if there is no recovery after default. Investment returns from international bonds (and related derivatives) are also affected by fluctuations in exchange rates. Such circumstances may adversely affect the net asset value per share of the Sub-Fund



and investors may as a result suffer losses. The general assessment of an issuer's creditworthiness may affect the value of the fixed income securities issued by the issuer. This assessment generally depends on the ratings assigned to the issuer or its affiliated companies by rating agencies such as Moody's, Fitch and Standard & Poor's. A reassessment of the creditworthiness that results in a downgrading of the rating assigned to an issuer may negatively affect the value of the fixed income securities issued by this issuer and hence affect the net asset value of the Sub-Fund.

#### *Chinese local credit rating*

The rating criteria and methodology used by Chinese local rating agencies may be different from those adopted by most of the established international credit rating agencies. Therefore, such rating system may not provide an equivalent standard for comparison with securities rated by international credit rating agencies and the Sub-Fund may be subject to additional risk of loss.

#### *Company specific risk*

The value of investments can vary because of changes to management, product distribution or the company's business environment.

#### *Currency risk*

A Sub-Fund may hold assets which are not denominated in its base currency. Also, a share class may be designated in a currency other than the base currency of a Sub-Fund. In the short to medium term, the actual exchange rates can deviate from the long-term equilibrium due to different types of focus in the market such as geopolitical, capital flows, risk appetite and macroeconomic expectations. If a Sub-Fund directly or indirectly holds assets denominated in foreign currencies, it is exposed to a currency risk if foreign currency positions have not been hedged. Any devaluation of the foreign currency against the base currency of the Sub-Fund would cause the value of the assets denominated in the foreign currency to fall. The net asset value of a Sub-Fund may be affected unfavourably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls. Under extreme market conditions and circumstances, such currency fluctuation may potentially result in total loss.

Where the portfolio of a Sub-Fund or parts thereof are hedged against the base currency of the Sub-Fund, the multi-currency hedging undertaken by the Sub-Fund may incur additional transactions costs or be subject to additional risks. Please refer to "Risks relating to hedged share classes" below.

#### *Risk relating to hedged share classes*

The hedging strategy for a share class which is hedged against the base currency of a Sub-Fund, may not work as intended, exposing investors of that share class to currency risk. Additionally, investors of a hedged share class may be exposed to fluctuations in the net asset value per share reflecting the gains/losses on and the associated transaction costs of the financial instruments used for hedging, and such investors may be adversely impacted.

Adverse exchange rate fluctuations between the base currency of a Sub-Fund and the class currency of the hedged share classes may result in a decrease in return and/or loss of capital for investors.

The costs of the hedging transactions will be reflected in the net asset value of a hedged share class and therefore, an investor of such hedged share class will have to bear the associated hedging costs, which may be significant depending on prevailing market conditions.

If the counterparties of the instruments used for hedging purpose default, investors of the relevant hedged share class may be exposed to currency exchange risk on an unhedged basis and may therefore suffer further losses.

While hedging strategies may protect investors in a hedged share class against a decrease in the value of a Sub-Fund's base currency relative to the class currency of the hedged share class, it may also preclude investors from benefiting from an increase in the value of such Sub-Fund's base currency.

#### *RMB currency risk and foreign exchange risk*

A Sub-Fund may have a majority of its investments in assets denominated in RMB, investors subscriptions received in non-RMB currency will be converted into RMB prior to investment and at the applicable exchange rate and subject to the applicable spread. Currency conversion is subject to availability of RMB at the relevant time and hence may affect the Sub-Fund's ability to make the relevant investment or to fully implement or pursue its investment strategies. The realization proceeds and/or dividend payments in RMB will need to be converted back to non-RMB currency for payment of redemption proceeds. In respect of RMB denominated classes, the availability of RMB at the time of currency conversion may affect the Sub-Fund's ability to pay redemption proceeds and/or dividend payments in a timely manner, and such payments may be delayed due to the exchange controls and restrictions applicable to RMB.

There is no guarantee that the value of RMB against the Sub-Fund's base currency will not depreciate. Any depreciation of RMB could adversely affect the value of the investments in the Sub-Fund.

The offshore investment of the Sub-Fund may be denominated in offshore RMB (CNH) and the RMB denominated classes are denominated in CNH. The rates of offshore RMB (CNH) and onshore RMB (CNY) are different and any divergence between CNH and CNY may adversely impact the value of investments in the Sub-Fund.

#### *Foreign investment risk*

Additional risks may arise when investing overseas, including - changes in foreign exchange control regulations, foreign tax legislation and withholding tax and government policy. Additionally, differences in accounting, legal, securities trading and settlement procedures can also impact the value of the Sub-Funds' investment.

#### *Liquidity risk*

Some investments may be thinly traded or illiquid and cannot be traded in reasonable sizes and therefore may be sold in small lots over longer periods or even at a discount resulting in a loss to the Sub-Funds. Under extraordinary or extreme market conditions, generally liquid investments can become illiquid which may result in a loss when such assets need to be sold within a certain time frame. Furthermore, illiquidity may result in a need to suspend redemptions or extend the normal redemption payment timelines.

#### *Risks Relating to the Liquidity of a Sub-Fund*

**Inability to Meet Redemption Obligations:** The investments of the Sub-Funds are exposed to and may be affected by adverse changes to global and regional economic, geo-political and financial conditions. As shareholders may redeem some or all of their Shares on any business day (as defined in the Prospectus), there may be a mismatch between the liquidity of the Sub-Fund's underlying investments and its redemption obligations. There is no assurance that there will be an active, liquid trading market for a Sub-Fund to sell portfolio investments (in particular where the Sub-Fund has invested in fixed income and other assets that tend to be temporarily less liquid), or the price at which the portfolio investments may be sold at to meet redemption obligations. Under such volatile and stressed market conditions, a Sub-Fund may not be able to meet its redemption obligations or may only be able to meet them after liquidation of assets on unfavourable terms. This risk is heightened where there is a significant withdrawal of capital from a Sub-Fund.

**Adverse Impact of Withdrawal on Remaining Shareholders and Redemption Cycle:** Any actions taken by the Company to meet redemption obligations such as selling a Sub-Fund's more liquid portfolio investments

may have an adverse impact on remaining shareholders. Remaining shareholders may bear the cost of any increase in the risk profile of the Sub-Fund as a result of asset disposals to meet redemption requests or of any subsequent portfolio rebalancing. The impact on shareholders will depend on the volume of redemptions, the purchase and sale price of assets and the final composition of the Sub-Fund.

If redeeming shareholders do not bear the full costs of redemption, shareholders may be incentivized to be the first to redeem their Shares ahead of other shareholders. This first mover advantage may potentially trigger a significant cycle of redemptions that exacerbate the liquidity stress of the Sub-Fund.

The Company's Risk Management Policies and Procedures May Not Adequately Address Unidentified or Unanticipated Risks: To safeguard the interests and fair treatment of all shareholders, the Company has established comprehensive risk management policies and procedures to manage and mitigate the Sub-Funds' exposure to significant market, liquidity and operational risks. The Company devotes significant resources to monitor liquidity risks and utilize liquidity management tools where necessary. For a description of the liquidity risk management tools, policies and procedures, please the section of this HKCD titled "Liquidity Risk Management".

However, the Company's risk management systems are dependent on their ability to properly identify and mark-to-market the changes in the value of investments. Inaccurate information may adversely affect the ability of the Company to accurately assess the liquidity risk. In addition, risks such as severe declines in asset prices, unanticipated credit events or unforeseen circumstances may not be properly accounted for. The Sub-Funds may suffer greater losses to the extent that the Company's assumptions, estimates and assessments prove inaccurate or not predictive of actual results. This may, in turn, have an adverse effect on the Sub-Funds' ability to meet their redemption obligations.

#### *Derivative risk*

Derivatives may be used to gain or reduce exposure to markets and currencies as well as to manage risk. Risks associated with derivatives include market risk, management risk, counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. Fluctuations in the price of a derivative will reflect movements in the underlying assets, reference rate or index to which the derivatives relate. The use of derivative positions to hedge the risk of physical securities will involve "basis risk", which refers to the possibility that the derivative positions may not move perfectly in line with the physical security. As a consequence, the derivative position cannot always be expected to perfectly hedge the risk of the physical security.

Certain derivatives that the Sub-Funds may use may create leverage. The leverage element/component of a derivative can result in a loss significantly greater than the amount invested in the derivative by the relevant Sub-Fund. Therefore, derivative instruments that involve leverage can result in losses to the Sub-Funds that exceed the amount originally invested in the derivative instruments and exposure to derivatives may lead to a high risk of significant loss by the relevant Sub-Fund.

There is not always a direct or parallel relationship between a derivative and the value of the assets, interest rates or indices from which it is derived. For these reasons, the use of derivatives by the Company is not always an effective means of attaining the Company or a Sub-Fund's investment objective and can at times even have the opposite effect.

Please see risks specific to certain types of derivatives below:

Commodities risk: Investments which grant an exposure to commodities involve additional risks than those resulting from traditional investments. More specifically, political, military and natural events may influence the production and trading of commodities and, as a consequence, influence financial instruments which grant exposure to commodities. Terrorism and other criminal activities may have an influence on the availability of commodities and therefore also negatively impact financial instruments which grant exposure to commodities. There is also the risk of sharp fluctuations in production and secular consumption trends,

which may adversely affect the performance of the Sub-Fund and/or cause the Sub-Fund to suffer significant losses.

**Options risk:** There are risks associated with the sale and purchase of call options. The seller (writer) of a call option assumes the risk of a rise in the market price of the underlying index or security above the exercise price of the underlying index or security in exchange for a premium payment, i.e., the Sub-Fund will sacrifice the opportunity to benefit from a potential increase of the relevant market above the strike price of the sold call options in exchange for receipt of a known premium. The Sub-Fund will continue to bear the risk of a decline in the value of the underlying market. Where the seller of a call option holds a long position in the underlying index or security, or similar exposures, the strategy is called 'covered' and any losses on the call options are expected to be approximately offset by gains on the long investment. Having said that, the composition of the Sub-Fund's long position in the relevant market is not expected to closely match the composition of the underlying indices or instruments used as underlying for the call options. The Sub-Fund may therefore experience losses on the call options which are not offset by gains in the long portfolio. The buyer of a call option assumes the risk of losing its entire investment in the call option. As a result, investors may lose up to 100% of their investment due to leverage effect.

**Custodial risk:** Sub-depositary or sub-delegates may be appointed in local markets for purpose of safekeeping assets in those markets. Where a Sub-Fund invests in markets where custodial and/or settlement systems are not fully developed, the assets of the Sub-Fund may be exposed to custodial risk. In case of liquidation, bankruptcy or insolvency of a depositary, sub-depositary or sub-delegate, the Sub-Fund may take a longer time to recover its assets. In extreme circumstances such as the retroactive application of legislation and fraud or improper registration of title, the Sub-Fund may even be unable to recover all of its assets. The costs borne by a Sub-Fund in investing and holding investments in such markets will be generally higher than in organised securities markets.

**Counterparty risk:** A counterparty may fail to perform contractual obligations, either in whole or in part. Where possible, this risk is primarily managed by ensuring counterparties (whether the securities are lower rated or unrated) are approved with stringent criteria and ensuring, where possible transactions are undertaken with a number of different counterparties. And in the case of rated securities the Portfolio Manager will also take into account the respective credit rating of the securities.

**Performance risk:** The Sub-Funds may fail to perform as expected in which case the Sub-Fund's investment objective may not be achieved.

**Collateral risk:** In the event of the failure of a counterparty in a derivative transaction, there is the risk that collateral received may yield less than the exposure on the counterparty, whether because of inaccurate pricing of the collateral, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded. Moreover delays in recovering cash collateral placed out, or difficulty in realising collateral may restrict the ability of the Sub-Fund to meet redemption requests, security purchases or, more generally, reinvestment.

#### *Risks of investing in other funds*

The investment performance of a Sub-Fund investing in other funds is affected by the investment performance of the underlying funds in which the Sub-Fund invests. The Sub-Fund does not have control of the investments of the underlying funds and there is no assurance that the investment objective and strategy of the underlying funds will be successfully achieved which may have a negative impact on the net asset value of the Sub-Fund. Through its investment in the underlying funds, the Sub-Fund is subject to the risks of the underlying funds' investments and subject to the underlying funds' expenses, and therefore investors' investment in the Sub-Fund may suffer losses.

The underlying funds in which a Sub-Fund may invest may not be regulated by the SFC. Certain commission payments and expenses may occur more than once when investing in existing funds (for example, commission for the Custodian Bank and the central Administrative Agency, management/advisory/performance fees (where applicable) and issuing/redemption commission of the UCI

and/or UCITS in which an investment is made). Such commission payments and expenses may be charged at the level of the target fund as well as of the fund of funds. Investors will bear the recurring expenses of a Sub-Fund in addition to the expenses of the underlying funds, and therefore, the returns that they may obtain may not reflect the returns by investing directly in the underlying funds. Furthermore, there can be no assurance that the liquidity of the underlying funds will always be sufficient to meet redemption request as and when made due to restrictions on redemptions of underlying funds, which may have an adverse impact on the Sub-Fund. For the avoidance of doubt, if a Sub-Fund invests in an underlying fund managed by the management company or a connected person of the management company, all initial charges on such underlying fund will be waived. Further, the management company may not obtain a rebate on any fees or charges levied by such underlying fund or its management company.

#### *Risk of investing in exchange traded funds (ETFs)*

General risk: The trading prices of units/shares in an ETF may be at a discount or premium to the net asset value of the units/shares. Valuation of units/shares in an ETF will primarily be made by reference to the last traded price. Where the Sub-Fund buys at a premium, it may suffer losses and may not fully recover its investment in the event of termination of the ETF.

An ETF may not be able to perfectly track the index it is designed to track. The return from investing in an ETF may therefore deviate from the return of its tracking index.

An ETF which is designed to track a market index is not “actively managed”, therefore when there is a decline in the relevant index, the ETF will also decrease in value. The ETF may not adopt any temporary defensive position against market downturns. The Sub-Fund may lose part or all of its investment in the ETF.

There can be no assurance that an active trading market will exist for units/shares of an ETF. Such circumstances may lead to illiquidity of the ETF, particularly during adverse market conditions and this may indirectly adversely affect the net asset value per share of the Sub-Fund and investors may as a result suffer losses.

Synthetic replication and counterparty risk: ETFs utilising a synthetic replication strategy use swaps or other derivative instruments to gain exposure to a benchmark.

Swap-based ETFs are exposed to counterparty risk of the swap dealers and may suffer losses if such dealers default or fail to honor their contractual commitments. Under such circumstances, the Sub-Fund's net asset value per share may be indirectly adversely affected and investors may as a result suffer losses.

Derivative embedded ETFs are subject to counterparty risk of the derivative instruments' issuers and may suffer losses if such issuers default or fail to honour their contractual. Under such circumstances, the Sub-Fund's net asset value per share may be indirectly adversely affected and investors may as a result suffer losses.

#### *Risk of early termination*

The articles of incorporation provides for liquidation or termination of the Company and/or Sub-Funds under certain conditions and in the manner described in the section titled “Liquidation of the Company and its sub-funds; merger of sub-funds” in the Prospectus. Consequences for individual investors (for example in relation to taxation) may vary depending on their own circumstances at the time that the Company/Sub-Funds is liquidated/are terminated. Proceeds received upon the liquidation of the Company/Sub-Funds may be less than the amount originally invested.

#### *Concentration risk*

Concentration risk arises if one or only few financial instruments make up a significant part of the total portfolio of a Sub-Fund or if financial instruments representing a certain market sector and/or a certain geographical region make up a significant part of the total portfolio of the Sub-Fund. In a market downturn, such highly concentrated portfolios can suffer more substantial losses than diversified portfolios, i.e. portfolios where investments are spread over different assets, asset classes, market sectors and/or geographical regions in order to reduce the risk of earnings fluctuations.

For Sub-Funds with geographical concentration, the value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting that relevant country's market.

#### *Real estate fund risk*

Although the Sub-Fund will not invest in real property directly, insofar as the Sub-Fund may invest in REITs or UCITS or other UCI which invest indirectly in real estate, the Sub-Fund may be subject to risks similar to those associated with the direct ownership of real property. Investing in such real estate related assets and securities may expose the Sub-Fund to additional risks. For instance, the value of the Sub-Fund may be impacted by the performance of these REITs or UCITS or other UCI which invest indirectly in real estate and their underlying investments or holdings and changes in economic conditions.

Investors should note that the underlying REITs of the Sub-Fund may not necessarily be authorised by the SFC and the dividend policy of the Sub-Fund is not representative of the dividend policy of the underlying REITs.

#### *Asset allocation strategy risk*

The performance of a Sub-Fund with an asset allocation strategy is partially dependent on the success of the asset allocation strategy employed by the Sub-Fund at any particular time. Accordingly, in such circumstances, there is no assurance that the asset allocation strategy employed by the Sub-Fund will be successful and therefore the investment objectives of the Sub-Fund may not be achieved.

The investments of the Sub-Fund may be periodically rebalanced and therefore the Sub-Fund may incur greater transaction costs.

#### *Below investment grade sovereign securities risk*

Securities issued by or guaranteed by countries with a credit rating below investment grade may have higher risks of default and may be subject to greater levels of interest rate, credit and liquidity risk. Such securities are considered predominately speculative with respect to the sovereign issuer's continuing ability to make principal and interest payments. Adverse conditions such as an economic downturn or the bankruptcy of the sovereign issuer could have a significant effect on the sovereign issuer's ability to make payments of principal and/or interest. If the sovereign issuer of a security is in default with respect to interest or principal payments, a Sub-Fund which invests in such securities may incur substantial loss.

#### *Eurozone risk*

In addition to specific national concerns, the Eurozone is experiencing a collective debt crisis. Certain countries have received very substantial financial assistance from other members of the European Union, and the question of additional funding is unclear. Investor confidence in other EU member states, as well as European banks exposed to sovereign debt of Eurozone countries experiencing financial turmoil, has been severely impacted, threatening capital markets throughout the Eurozone. Although the resources of various financial stability mechanisms in the Eurozone continue to be bolstered, there can be no assurance that the level of funds being committed to such facilities will be sufficient to resolve the crisis going forward. It is also unclear whether ultimately a political consensus will emerge in the Eurozone concerning whether and how to restructure sovereign debt. The consequences of any sovereign default would likely

be severe and wide-reaching, and could include the withdrawal of one or more member states from the Eurozone, or even the abolition of the Euro. The withdrawal of one or more member states from the Eurozone or the abolition of the Euro could result in significant exchange rate volatility and could have an adverse impact on the financial markets, not only within Europe but globally and could have an adverse impact on the value of a Sub-Fund's investments. For the purpose of this risk, "Eurozone" means a geographic and economic region that consists of all the European Union countries that have fully incorporated the euro as their national currency; and "EU" means European Union.

#### *Credit default swaps (CDS)*

In addition to the information contained in the Prospectus under the heading "Use of derivatives", investors should note that CDS expose the buyer and seller to counterparty risk and the relevant Sub-Fund may suffer losses in the event of a default by the counterparty of its obligations under the transaction and/or disputes as to whether a credit event has occurred, which could mean the Sub-Fund cannot realize the full value of the CDS. The use of CDS may also expose the Sub-Fund to leverage risk and collateral risk, as described in more detail in the respective risk factors set out in this section.

#### *Risks relating to convertible bonds and exchangeable bonds*

A Sub-Fund may invest in convertible bonds and exchangeable bonds.

Convertible bonds and exchangeable bonds are a hybrid between debt and equity, permitting holders to convert into shares or stocks in the company issuing the bond (in the case of convertible bonds) or shares or stocks of a company other than the issuer but usually within the same group (in the case of exchangeable bonds) at a specified future date. Prior to conversion, convertible bonds and exchangeable bonds have the same general characteristics as non-convertible fixed income securities and the market value of convertible bonds and exchangeable bonds tends to decline as interest rates increase and increase as interest rates decline. However, while convertible bonds and exchangeable bonds generally offer lower interest or dividend yields than non-convertible fixed income securities of similar quality, they enable the Sub-Fund to benefit from increases in the market price of the underlying stock, and hence the price of a convertible bond or exchangeable bond will normally vary with changes in the price of the underlying stock. Therefore, investors should be prepared for greater volatility than straight bond investments, with an increased risk of capital loss, but with the potential of higher returns. The values of convertible bonds or exchangeable bonds may also be affected by changes in the credit rating, liquidity or financial condition of the issuer. A Sub-Fund may also be exposed to the credit and insolvency risks of the issuers of the bonds. Further, convertible bonds or exchangeable bonds may have call provisions and other features which may give rise to the risk of a call and that the value and performance of the Sub-Fund may also be adversely affected as a result.

#### *Risks relating to warrant-linked bonds and synthetic convertible bonds*

The Sub-Fund may invest in warrant-linked bonds, which are bonds issued with warrants that entitle the bearer to buy shares in the issuing company at a set price within a specified period. Investment in warrant-linked bonds may subject the Sub-Fund to risk associated with debt securities and the risk of investing in warrants.

The Sub-Fund also invest in synthetic convertible bonds, which are bonds with a combination of non-convertible fixed income securities and the right to buy equity securities (e.g., options or warrants) to create the characteristics of convertible bonds. Since a synthetic convertible bond is composed of two or more separate securities, each with its own market value, The value of a synthetic convertible bond will respond differently to market fluctuations than a convertible security. Synthetic convertible bonds are also subject to the FDI risks including counterparty risk, settlement risk, correlation risk and liquidity risk.

The net asset value of the Sub-Fund may be more volatile because of the greater volatility of the warrant or option price comparing to direct investment into the issuing company's shares. Moreover, if the value of

the underlying equity security falls below the exercise price of the warrant or option, the option or warrant may expire worthless. A warrant will also cease to have value if it is not exercised prior to the expiration date. In these circumstances this may adversely affect the value of the Sub-Fund and investors may suffer significant losses as a result.

*Risk associated with small-capitalisation / mid-capitalisation companies*

The stock of small-capitalisation / mid-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general.

*Risks relating to A-shares market*

The existence of a liquid trading market for A shares may depend on whether there is supply of, and demand for, such A shares. The price at which securities may be purchased or sold by the Sub-Fund and the net asset value of the Sub-Fund may be adversely affected if trading markets for A shares are limited or absent. The A-share market may be more volatile and unstable (for example, due to the risk of suspension of a particular stock or government intervention). Market volatility and settlement difficulties in the A-share markets may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may affect the value of the Sub-Fund.

Securities exchanges in China typically have the right to suspend or limit trading in any security traded on the relevant exchange. In particular, trading band limits are imposed by the stock exchanges in China on A shares, where trading in any A share security on the relevant stock exchange may be suspended if the trading price of the security has increased or decreased to the extent beyond the trading band limit. A suspension will render it impossible for the Portfolio Manager to liquidate positions and can thereby expose the Sub-Fund to significant losses. Further, when the suspension is subsequently lifted, it may not be possible for the Portfolio Manager to liquidate positions at a favourable price.

*QFI risk*

The Sub-Fund's ability to make the relevant investments or to fully implement or pursue its investment objective and strategy is subject to the applicable laws, rules and regulations (including restrictions on investments and repatriation of principal profits) in the PRC, which are subject to change and such change may have potential retrospective effect.

The Sub-Fund may suffer substantial loss if the approval of the QFI is being revoked/terminated or otherwise invalidated as the Sub-Fund may be prohibited from trading of the relevant securities and repatriation of the Sub-Fund's monies, or if any of the key operators or parties (including QFI custodian/brokers) is bankrupt/in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).

*Risks relating to securities trading in mainland China via Stock Connect*

The following disclosures are additional to those set out in the section titled "Risks relating to securities trading in mainland China via Stock Connect" in the Prospectus.

Participation in corporate actions and shareholders' meetings: HKSCC will keep CCASS (the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on SEHK) participants informed of corporate actions of SSE or SZSE Securities. Hong Kong and overseas investors (including the relevant Sub-Fund) will need to comply with the arrangement and deadline specified by their respective brokers or custodians (i.e. CCASS participants). The time for them to take actions for some types of corporate actions of SSE or SZSE Securities may be as short as one business day only. Therefore, the relevant Sub-Fund may not be able to participate in some corporate actions in a timely manner.



Hong Kong and overseas investors (including the relevant Sub-Fund) are holding SSE and SZSE Securities traded via Stock Connect through their brokers or custodians. Where the articles of association of a listed company do not prohibit the appointment of proxy/multiple proxies by its shareholder, HKSCC will make arrangements to appoint one or more investors as its proxies or representatives to attend shareholders' meetings when instructed. Further, investors (with holdings reaching the thresholds required under the PRC regulations and the articles of associations of listed companies) may, through their CCASS participants, pass on proposed resolutions to listed companies via HKSCC under the CCASS rules. HKSCC will pass on such resolutions to the companies as shareholder on record if so permitted under the relevant regulations and requirements.

Differences in trading days: Stock Connect will only operate on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the PRC market but not for the Hong Kong market in which case a Sub-Fund will not be able to access the PRC market via Stock Connect. A Sub-Fund may be subject to a risk of price fluctuations in SSE and SZSE Securities during the time when Stock Connect is not trading as a result.

Operational risk: The Stock Connect provides a channel for investors from Hong Kong and overseas to access the China stock market directly. The Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in this programme subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house. It should be appreciated that the securities regimes and legal systems of the two markets differ significantly and in order for the programme to operate, market participants may need to address issues arising from the differences on an on-going basis.

Further, the "connectivity" in the Stock Connect requires routing of orders across the PRC-Hong Kong border. This requires the development of information technology systems on the part of the SEHK and exchange participants (i.e. an order routing system ("China Stock Connect System") set up by SEHK to which exchange participants need to connect). There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the programme could be disrupted. A Sub-Fund's ability to access the SSE and SZSE Securities market (and hence to pursue its investment objective) will be adversely affected.

Regulatory risk: The Sub-Funds may be adversely affected by future changes in applicable laws, including tax laws and regulations.

The Stock Connect is subject to regulations circulated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong. Further, new regulations may be circulated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under Stock Connect.

It should be noted that the regulations are untested and there is no certainty as to how they will be applied. Moreover, the current regulations are subject to change, which may have potential retrospective effect. There can be no assurance that the Stock Connect will not be abolished. A Sub-Fund, which may invest in the PRC markets through Stock Connect, may be adversely affected as a result of such changes.

#### *Risks associated with the ChiNext market*

A Sub-Fund may invest in the ChiNext market of the SZSE via the Shenzhen-Hong Kong Stock Connect. Investments in the ChiNext market may result in significant losses for the relevant Sub-Fund(s) and their investors. The following additional risks apply:

Higher fluctuation on stock prices: Listed companies on the ChiNext market are usually of emerging nature with smaller operating scale. Hence, they are subject to higher fluctuation in stock prices and liquidity and have higher risks and turnover ratios than companies listed on the main board of the SZSE.

Over-valuation risk: Stocks listed on the ChiNext may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.

Differences in regulations: The rules and regulations regarding companies listed on ChiNext market are less stringent in terms of profitability and share capital than those in the main board.

Delisting risk: It may be more common and faster for companies listed on the ChiNext to delist. This may have an adverse impact on the relevant Sub-Fund(s) if the companies that it invests in are delisted.

#### *Risks relating to investment in Urban Investment Bonds*

A Sub-Fund may invest in Urban Investment Bonds. Urban Investment Bonds are issued by LGFVs and are typically not guaranteed by local governments or the central government of China. In the event that the LGFVs default on payment of principal or interest of the urban investment bonds, the Sub-Fund could suffer substantial loss and the net asset value of the Sub-Fund could be adversely affected.

#### *Risks relating to securities lending transactions*

Securities lending transactions may involve the risk that the borrower may fail to return the securities lent out in a timely manner and the value of the collateral may fall below the value of the securities lent out.

#### *Risks relating to repurchase agreements*

In the event of the failure of the counterparty with which collateral has been placed, the fund may suffer loss as there may be delays in recovering collateral placed out or the cash originally received may be less than the collateral placed with the counterparty due to inaccurate pricing of the collateral or market movements.

#### *Risks relating to reverse repurchase agreements*

In the event of the failure of the counterparty with which cash has been placed, the fund may suffer loss as there may be delay in recovering cash placed out or difficulty in realising collateral or proceeds from the sale of the collateral may be less than the cash placed with the counterparty due to inaccurate pricing of the collateral or market movements.

#### *Risks associated with instruments with loss-absorption features*

A Sub-Fund may invest in instruments with loss-absorption features which are subject to greater risks when compared to traditional debt instruments as such instruments typically include terms and conditions which may result in them being partly or wholly written off, written down, or converted to ordinary shares of the issuer upon the occurrence of a pre-defined trigger event (e.g. when the issuer is near or at the point of non-viability or when the issuer's capital ratio falls to a specified level).

Such trigger events are likely to be outside of the issuer's control and commonly include: (i) a reduction in the issuing bank's Core Tier 1/Common Equity Tier 1 (CT1/CET1) ratio or other ratios; (ii) a regulatory authority, at any time, making a subjective determination that the issuer is "non-viable", i.e. a determination that the issuing bank requires public sector support in order to prevent the issuer from becoming insolvent, bankrupt or otherwise carry on its business and requiring or causing the conversion of the contingent convertible debt securities into equity or write down, in circumstances that are beyond the control of the issuer; or (iii) a national authority deciding to inject capital. Trigger events are complex and difficult to predict

and can result in a significant or total reduction in the value of such instruments, giving rise to consequential loss of the Sub-Fund. In the event of the activation of a trigger, there may be potential price contagion and volatility to the entire asset class.

For example, a Sub-Fund may invest in senior non-preferred debts. While these instruments are generally senior to subordinated debts, they may be subject to write-down upon the occurrence of a trigger event and will no longer fall under the creditor ranking hierarchy of the issuer. This may result in total loss of principal invested.

A Sub-Fund may also invest in contingent convertible debt securities. Contingent convertible debt securities are hybrid capital securities that absorb losses when the capital of the issuer falls below a certain level. Upon the occurrence of a predetermined event (known as a trigger event), contingent convertible debt securities will be converted into shares of the issuing company (potentially at a discounted price as a result of the deterioration in the financial condition of the issuing company), or cause the permanent write-down to zero of the principal investment and/or accrued interest such that the principal amount invested may be lost on a permanent or temporary basis. Contingent convertible debt securities are subject to the general risks associated with bonds and equities, and to the risks specific to convertible securities in general. Contingent convertible debt securities are also subject to additional risks specific to their structure including:

**Trigger level risk/conversion risk:** Trigger levels differ and determine exposure to conversion risk. It might be difficult for a Portfolio Manager to anticipate the trigger events that would require conversion. These instruments may be converted into shares potentially at a discounted price and the principal amount invested may be lost. In case of a conversion, the relevant Portfolio Manager might be forced to sell new equity shares upon conversion and such forced sale may result in the relevant Sub-Fund experiencing loss.

**Coupon cancellation risk:** Coupon payments on contingent convertible debt securities are discretionary and may at times also be cancelled or deferred by the issuer for any reason, and for any length of time. The discretionary cancellation of payments is not an event of default and there are no possibilities to require reinstatement of coupon payments or payment of any passed missed payments. Coupon payments may also be subject to approval by the issuer's regulator and may be suspended in the event there are insufficient distributable reserves. As a result of uncertainty surrounding coupon payments, these instruments may be volatile and their price may decline rapidly in the event that coupon payments are suspended.

**Capital structure inversion risk:** Contrary to the classical capital hierarchy, investors in contingent convertible debt securities will suffer a loss of capital when equity holders do not, for example when the loss absorption mechanism of a high trigger/write-down of a contingent convertible debt securities is activated. This is contrary to the normal order of capital structure where equity holders are expected to suffer the first loss.

**Call extension risk:** Some contingent convertible debt securities are issued as perpetual instruments and only callable at pre-determined levels upon approval of the competent regulatory authority. It cannot be assumed that these perpetual contingent convertible debt securities will be called on a call date. Such contingent convertible debt securities are a form of permanent capital. The investor may not receive return of principal as expected on call date or indeed at any date.

**Valuation and write-down risk:** Contingent convertible debt securities often offer attractive yield which may be viewed as a complexity premium. The value of contingent convertible debt securities may need to be reduced due to a higher risk of overvaluation of such asset class on the relevant eligible markets. Therefore, a Sub-Fund may lose its entire investment or may be required to accept cash or securities with a value less than its original investment.

**Market value fluctuations due to unpredictable factors:** The value of contingent convertible debt securities is unpredictable and will be influenced by many factors including, without limitation (i) creditworthiness of the issuer and/or fluctuations in such issuer's applicable capital ratios; (ii) supply and demand for the contingent convertible debt securities; (iii) general market conditions and available liquidity and (iv)

economic, financial and political events that affect the issuer, its particular market or the financial markets in general.

Liquidity risk: In certain circumstances finding a buyer ready to invest in contingent convertible debt securities may be difficult and the seller may have to accept a significant discount to the expected value of the bond in order to sell it.

Subordinated instruments risk: Contingent convertible debt securities will, in the majority of circumstances, be issued in the form of subordinated debt instruments in order to provide the appropriate regulatory capital treatment prior to a conversion. Accordingly, in the event of liquidation, dissolution or winding-up of an issuer prior to a conversion having occurred, the rights and claims of the holders of the contingent convertible debt securities, such as a Sub-Fund, against the issuer in respect of or arising under the terms of the contingent convertible debt securities shall generally rank junior to the claims of all holders of unsubordinated obligations of the issuer.

Novelty and untested nature: The structure of contingent convertible debt securities is innovative yet untested. In a stressed environment, when the underlying features of these instruments will be put to the test, it is uncertain how they will perform.

Sector concentration risk: Contingent convertible debt securities are issued by banking and insurance institutions. The performance of a Sub-Fund may therefore be affected by a greater extent on the overall condition of the financial services industry than for the funds following a more diversified strategy.

#### *Risk of distributions out of capital*

Distributions out of Capital shall result in the reduction of an investor's original capital invested in the Sub-Fund or from any capital gains attributable to that original investment of the Sub-Fund. Payment of dividends out of Capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. The distribution amount and net asset value of a hedged share class may be adversely affected by differences in the interest rates of the reference currency of the hedged share class and the Sub-Fund's currency of account, resulting in an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than other non-hedged share classes.

Furthermore, any distributions from the income and/or involving the Capital result in an immediate reduction in the net asset value per share of the Sub-Fund. Investors in certain jurisdictions may be subject to higher tax rates on distributed capital than on any capital gains from the sale of shares. Some investors may therefore prefer to subscribe to the accumulating (-acc) rather than distributing (-dist, -mdist) share classes. Investors may be taxed at a later point in time on income and capital arising on accumulating (-acc) share classes compared to distributing (-dist) share classes. Investors should seek their own tax advice.

#### *Conflicts of Interest*

The Management Company, the Board of Directors of the Company and/or other companies within the UBS group may from time to time act as investment managers or advisers to other funds/clients and may act in other capacities in respect of such funds or other clients. It is widely recognized that potential conflicts of interest are inherent to integrated financial services groups such as UBS.

UBS is committed to identifying and then managing such conflicts of interest appropriately to ensure fair treatment of its clients. Conflicts of interest may be managed by using any of, or any combination of, the following measures (non-exhaustive list) like the implementation of information barriers, separate management supervision, independence arrangements, promotion of a culture of integrity, and refusal of business if necessary.

The Management Company and the Board of Directors of the Company (as the case may be) will (in the event that any conflict of interest actually arises) endeavor to ensure that such conflict is resolved fairly and in the best interests of the Sub-Fund and in line with the above UBS procedures.

#### *Foreign Account Tax Compliance ("FATCA")*

The Company will endeavour to satisfy the requirements imposed under FATCA or the Luxembourg IGA to avoid any withholding tax. In the event that the Company is not able to comply with the requirements imposed by FATCA or the Luxembourg IGA and the Company or any applicable Sub-Fund does suffer US withholding tax on its investments as a result of non-compliance, the net asset value of the Company or the relevant Sub-Fund may be adversely affected and the Company or the relevant Sub-Fund may suffer significant loss as a result.

In addition, investors should note that the Company is a Sponsored Foreign Financial Institution and the Management Company has obtained a global intermediary identification number as sponsor on behalf of the Company.

Investors should also note that any withholding tax incurred by the Company and any other related costs, interest, penalties and other losses and liabilities arising from the failure of an investor to provide the requested information to the Company are borne by this investor. Accordingly, this investor may be liable for any resulting US withholding taxes or penalties arising under FATCA and/or the compulsory redemption or liquidation of this investor's stake in the Company. Such withholding and compulsory redemption, if any, is permitted by applicable laws and regulations and the Company will act in good faith and on reasonable grounds.

Each prospective investor should consult with its own tax advisor as to the potential impact of FATCA in its own tax situation.

#### *Risks relating to share classes with a fixed percentage in their names*

Constant distributing share classes must not be seen as alternative to savings account or fixed-interest paying investment.

The percentage distribution rate of any share class is unrelated to expected or past income or return of the share class or the Sub-Fund. The distribution can thus be higher or lower than the income and return that were effectively realized. These share classes continue to distribute in periods that the Sub-Fund has negative return / is making losses, which further reduces the net asset value of the Sub-Fund. In extreme circumstances, investors may not be able to get back the original investment amount.

The constant distribution share class does not distribute a fixed amount. Rather a fixed percentage will apply to the net asset value of the Sub-Fund as of the end of the month. The constant percentage distribution results in higher absolute distributions when net asset values are high and in lower absolute distributions when net asset values are low. Hence, the absolute distributions received by investors may vary from month to month.

#### *Automatic exchange of information*

The Inland Revenue (Amendment) (No.3) Ordinance (the "Ordinance") came into force on 30 June 2016. This is the legislative framework for the implementation in Hong Kong of the Standard for Automatic Exchange of Financial Account Information ("AEOI"). The AEOI requires financial institutions ("FI") in Hong Kong to collect information relating to non-Hong Kong tax residents holding accounts with FIs, and to file such information with the Hong Kong Inland Revenue Department ("IRD") who in turn will exchange such information with the jurisdiction(s) in which that account holder is resident. Generally, tax information will be exchanged only with jurisdictions with which Hong Kong has a Competent Authority Agreement ("CAA"); however, FIs may further collect information relating to residents of other jurisdictions.

By investing in the Company and the Sub-Funds and/or continuing to invest in the Company and the Sub-Funds through FIs in Hong Kong, investors acknowledge that they may be required to provide additional information to the relevant FI in order for the relevant FI to comply with AEOI. The investor's information (and information on beneficial owners, beneficiaries, direct or indirect shareholders or other persons associated with such Shareholders that are not natural persons), may be communicated by the IRD to authorities in other jurisdictions.

Each Shareholder and prospective investor should consult its own professional advisor(s) on the administrative and substantive implications of AEOI on its current or proposed investment in the Company and the Sub-Funds through FIs in Hong Kong.

## **MANAGEMENT AND ADMINISTRATION OF THE COMPANY**

Information on the management and administration of the Company is set out in the section "Management and administration" in the Prospectus.

### **Portfolio Managers**

Please refer to the section titled "Portfolio Manager" in the Prospectus for information on the Portfolio Manager of each Sub-Fund.

The Prospectus discloses that the Portfolio Management entities of UBS Asset Management may transfer their mandates, fully or in part, to associated Portfolio Managers within UBS Asset Management. For avoidance of doubt, for so long as the relevant Sub-Fund remains authorised by the SFC, no transfer of the investment management functions in relation to that Sub-Fund shall take effect without the prior approval of the SFC and one month's notice to Hong Kong investors (or such other notice period as the SFC may approve in advance).

### **Hong Kong Representative**

The Hong Kong Representative is UBS Asset Management (Hong Kong) Limited.

The Hong Kong Representative acts as the representative of the Company in Hong Kong and is authorised pursuant to the Hong Kong Representative Agreement entered into with the Management Company to carry out the duties of a representative as set out in Chapter 9 of the SFC's Code on Unit Trusts and Mutual Funds (the "UT Code") when needed.

The office of the Hong Kong Representative is located at Levels 45 & 47-52, Two International Finance Centre, 8 Finance Street, Central, Hong Kong, with phone number (852) 2971 6188.

### **Enquiries and Complaints**

Any enquiries and complaints relating to the Company / Sub-Fund(s) should be addressed to the Hong Kong Representative (for the attention of Hong Kong Compliance) at the address set out on the cover page or by consulting the offices of the Hong Kong Representative at 852 - 2971 6188.

### **Legal Adviser as to Hong Kong law**

Dechert  
31/F Jardine House  
One Connaught Place  
Central  
Hong Kong

## DEALING IN SHARES

Full details relating to the procedures for subscription, redemption and conversion of shares, and their respective deadlines and conditions are set out in the section titled "Investing in UBS (Lux) Key Selection SICAV" in the Prospectus and subscribers resident or domiciled in Hong Kong should read the relevant sections carefully and in conjunction with this HKCD.

Investors in Hong Kong should also note that where you deal in the shares through a distributor, a financial adviser or other authorized sales intermediary (each a "**sales intermediary**"), you should check with such sales intermediary whether it has other / any particular dealing arrangements.

### Subscription and Redemption Procedures

In relation to subscription for shares, please note that Hong Kong investors must forward the completed application form and application monies to the relevant authorized distributor or the Hong Kong Representative, which is authorized by the Company to receive applications for shares on its behalf, for onward transmission to the Company in Luxembourg. Except where shares are purchased over the counter, payment should be made by cheque (crossed "A/C Payee Only, Not Negotiable"), banker's draft or telegraphic transfer. **No money should be paid to any intermediary in Hong Kong who is not licensed or registered to carry on Type 1 regulated activity under Part V of the SFO or is exempted therefrom.**

Applications for subscription, redemption and/or conversion of shares received by the relevant authorized distributor or the Hong Kong Representative by or before 5 p.m. (Hong Kong time) on a business day in Hong Kong ("**Hong Kong business day**") ("**Hong Kong Dealing Cut-off point**") will be transmitted as soon as practicable after receipt. Applications received after the Hong Kong Dealing Cut-off point will, if accepted, normally be transmitted to the Company on the following Hong Kong business day. Notwithstanding the above, investors in Hong Kong should also check with their respective Hong Kong distributor(s) for their respective cut-off times for receipt of applications, as this may vary depending on the particular Hong Kong distributor. The Hong Kong Representative has, however, no authority to agree on behalf of the Company (or otherwise) that the applications will be accepted. The Hong Kong Representative will issue receipts for application monies in respect of applications received by it.

In relation to redemption or conversion of shares, Hong Kong investors must lodge their request with the relevant authorized distributor or the Hong Kong Representative. The maximum period between any relevant valuation date following receipt by the Company of a request for redemption and the dispatch of the redemption monies will not exceed one calendar month from the date of receipt of a properly documented redemption request.

Where redemption and conversion orders on any order date lead to outflows of more than 10% of the net assets of a Sub-Fund on that date, the Company may decide to (but is not obliged to) execute only a portion of redemption and conversion orders, and to postpone the execution of the redemption and conversion orders in excess of 10% of the net assets of a Sub-Fund for that order date with priority status (relative to orders received on the next order date) and for a period generally not to exceed 20 business days (as defined in the Prospectus).

Investors in Hong Kong should note that any conversion can only be made into a UBS sub-fund and share class which is authorized for sale to the public of Hong Kong.

## CALCULATION OF NET ASSET VALUE

As per the section entitled "Net asset value, issue, redemption and conversion price" of the Prospectus, the pricing adjustment will be conducted in good faith, taking into account the best interest of shareholders, and in accordance with the policies and procedures established by the Management Company and in consultation with the Depositary. Further, the price reporting providers are independent third parties that are involved in determining the fair value calculations.

For the Sub-Funds which invests in money market instruments, interest income earned by the relevant Sub-Funds will be accrued and included in the valuation of the assets of the Sub-Funds for the relevant holding period and up to the order date in the valuation of the assets of the relevant Sub-Funds.

## **PUBLICATION OF NET ASSET VALUE**

The net asset value in respect of shares in each of the Sub-Funds will be available on every Hong Kong business day at the offices of the Hong Kong Representative during office hours and will also be available online at <https://www.ubs.com/hk/en/assetmanagement/> (this website has not been reviewed by the SFC).

## **SUSPENSION OF NET ASSET VALUE CALCULATIONS**

The Company may, in consultation with the Depositary, having regard to the best interests of shareholders, temporarily suspend the calculation of the net asset value and hence the issue and redemption of shares for one or more Sub-Funds, as well as the conversion between the individual Sub-Funds in the circumstances described in the Prospectus under the section headed "Suspension of net asset value calculation, and suspension of the issue, redemption and conversion of shares". In the event of suspension of dealings in the Sub-Fund(s), publication will be made immediately and thereafter at least once a month during the period of suspension, on the Hong Kong Representative's website at <https://www.ubs.com/hk/en/assetmanagement/> (this website has not been reviewed by the SFC).

## **LIQUIDATION AND DISSOLUTION**

Upon liquidation of the Company, a Sub-Fund or a class of shares in accordance with the articles of incorporation of the company and as disclosed under section "Liquidation of the Company and its sub-funds; merger of sub-funds" in the Prospectus, any unclaimed proceeds upon liquidation will be deposited with the *Caisse de Consignation* in Luxembourg. If not claimed, under Luxembourg law, such proceeds shall be forfeited after 30 years after being deposited with the *Caisse de Consignation*.

## **FEES AND EXPENSES**

Details of the level of the various fees and charges paid by or payable to the Company, as well as details of the expenses borne by the Company in respect of the different Sub-Funds, are set out in the Prospectus. A summary of the fees and charges applicable to the share classes of each Sub-Fund on offer are set out below.

In addition, for so long as the Company and the relevant Sub-Fund remain authorized by the SFC in Hong Kong, the Management Company or any person acting on behalf of a Sub-Fund or the Management Company may not obtain a rebate on any fees or charges levied by an underlying scheme or its management company, or any quantifiable monetary benefits in connection with investments in any underlying scheme.

*Payable by Hong Kong Investors*

<b>Subscription fee:</b>	Up to 4% of the subscription amount (which is referred to as the "capital commitment" in the section of the Prospectus titled "Issue of shares"), except for "mdist" share classes which the Hong Kong distributors will only charge up to 5%*.
<b>Redemption fee</b>	Not applicable
<b>Switching fee (conversion fee):</b>	Up to 4% of the net asset value per shares of the Sub-Fund or share class from which the shareholder is switching out multiplied by the number of shares to be switched by the shareholder (which is also referred to as the "capital commitment" in the section of the Prospectus



titled "Conversion of shares"), except for "mdist" share classes which the Hong Kong distributors will only charge up to 5%\*.

\* Investors should note that in respect of "mdist" share class, a maximum of up to 6% may be charged upon giving one month's prior notice to affected investors.

Hong Kong investors should check with the relevant authorised distributors to confirm the applicable fees and charges (including any additional taxes or commissions, where applicable) incurred in Hong Kong on the issuance, redemption or conversion of Shares.

#### *Payable by the Company*

Please refer to the section headed "Expenses paid by the Company" and under the heading "The sub-funds and their special investment policies" in the Prospectus for details on the fees payable by the Company.

No annual fee is currently paid by the Company to the Hong Kong Representative but such annual fee may be paid in an amount as may from time to time be agreed between the Company and the Hong Kong Representative. Investors will be given at least one month's prior notice (or such other notice period as the SFC may approve in advance) if such charges are introduced.

#### *Notice of increase in fees and charges*

Unless otherwise agreed with the SFC, one month's prior notice will be given to affected Hong Kong investors in respect of any increase in the aforementioned issuing / redemption / conversion commissions and/or in respect of any increase in the current level of the flat fee up to the maximum level set out in the Prospectus and annual and semi-annual reports.

## **TRANSACTION WITH CONNECTED PERSONS**

Transactions involving the sale and purchase of assets of the Company and the Sub-Funds are conducted through a number of brokers and dealers, some of whom might be members of the UBS Group. The Company and Sub-Funds do not, however, execute transactions exclusively through members of the UBS Group, but in circumstances where they do, such transactions are effected on normal commercial terms without any special privileges being afforded to either party. The Company will comply with the following when transacting with connected persons:

- (a) if the Company's cash is deposited with the Depositary, the Management Company, the Portfolio Managers, an investment delegate or any of their connected persons (being an institution licensed to accept deposits), such cash deposit shall be maintained in a manner that is in the best interests of the shareholders, having regard to the prevailing commercial rate for a deposit of similar type, size and term negotiated at arm's length in accordance with ordinary and normal course of business;
- (b) all transactions carried out by or on behalf of the Company will be executed at arm's length and in the best interests of the shareholders, and executed on the best available terms. Transactions between the Company, the Management Company, the Portfolio Managers, an investment delegate, directors of the Company or any of their connected persons (including directors of these entities) as principal may only be made with the prior written consent of the Depositary. All such transactions shall be disclosed in the Company's annual report;
- (c) the interest charged on money borrowed (if any) from the Depositary, the Management Company, the Portfolio Managers, an investment delegate or any of their connected persons (being a bank) shall be at no higher rate, and any fee for arranging or terminating the loan is of no greater amount, than is in accordance with its normal banking practice, the latter meaning the commercial rate for a loan of the size and nature of the loan in question negotiated at arm's length.

- (d) in transacting with brokers or dealers connected to the Management Company, the Portfolio Managers, an investment delegate, directors of the Company, the Depositary or any of their connected persons, the Management Company must ensure that it complies with the following obligations:
- (i) such transactions should be on arm's length terms;
  - (ii) it must use due care in the selection of brokers or dealers and ensure that they are suitably qualified in the circumstances;
  - (iii) transaction execution must be consistent with applicable best execution standards;
  - (iv) the fee or commission paid to any such broker or dealer in respect of a transaction must not be greater than that which is payable at the prevailing market rate for a transaction of that size and nature;
  - (v) the Management Company must monitor such transactions to ensure compliance with its obligations; and
  - (vi) the nature of such transactions and the total commissions and other quantifiable benefits received by such broker or dealer shall be disclosed in the Company's annual report.

Neither the Management Company, an investment delegate nor any of their connected persons may retain cash or other rebates from brokers or dealers in consideration of directing transactions in the Company's property to the broker or dealer save that goods and services (soft dollars) may be retained if:

- (i) the goods and services are of demonstrable benefit to the shareholders;
- (ii) transaction execution is consistent with the best execution standards and brokerage rates are not in excess of customary institutional full-service brokerage rates;
- (iii) adequate disclosure is made in the Company's Hong Kong Offering Document;
- (iv) periodic disclosure is made in the Company's annual report in the form of a statement describing the soft dollar policies and practices of the Management Company or investment delegate, including a description of the goods and services received by them; and
- (v) the availability of soft dollar arrangements is not the sole or primary purpose to perform or arrange transaction with such broker or dealer.

Currently, the Company conducts repurchase/reverse-repurchase and securities lending transactions with UBS AG on a principal basis. UBS AG is a nominee shareholder of the Company pursuant to which it becomes a connected party to the Company.

## **REPORTS AND OTHER DOCUMENTS**

### Annual Report and Semi-Annual Report

The Annual Report of the Company (and each Sub-Fund) will be published and made available to shareholders within 4 months of the end of the financial year (as described in the Prospectus under the section headed "Regular reports and publications"). The Semi Annual Report of the Company (and each Sub-Fund) will be published and made available to shareholders within 2 months of the end of the period it covers. Copies of the latest Annual Report of the Company (and each Sub-Fund) and its Semi Annual Report (collectively the "**Reports**"), as well as the Hong Kong Offering Document, may also be obtained at any time free of charge from the offices of the Hong Kong Representative.

Notwithstanding the above, investors in Hong Kong should note that copies of the Reports will be made available (in printed and electronic form) to affected shareholders. The Company will notify Hong Kong shareholders as and when such Reports become available and within the time period stipulated above. The electronic form of these Reports can be accessed from <https://www.ubs.com/hk/en/assetmanagement/> (this website has not been reviewed by the SFC).

Please note that these Reports (whether in printed or electronic form) are only available in the English language.

#### Documents Available for Inspection

For so long as the Company and the relevant Sub-Fund(s) remain authorized by the SFC in Hong Kong, copies of the latest constitutive documents in relation to the Company and the relevant Sub-Fund(s) listed in the Prospectus under the heading “Inspection of documents” may be inspected during usual business hours at the offices of the Hong Kong Representative and copies thereof obtained at a reasonable charge.

Past performance information of the relevant Sub-Fund(s) is only available in the English language from <https://www.ubs.com/hk/en/assetmanagement/> (which website has not been reviewed by the SFC).

### **LIQUIDITY RISK MANAGEMENT**

Information relating to the risk management procedures of the Company will be available upon request by Hong Kong investors from the Hong Kong Representative at their offices.

#### Governance Structure

The Company has established comprehensive risk management policies and procedures to manage and mitigate the Sub-Funds' exposure to significant market, liquidity and operational risks. The Company devotes significant resources to monitor liquidity risks and utilize liquidity management tools where necessary.

The Board of Directors of the Company provides general oversight of the Sub-Funds' investment programme and operations in accordance with the Company's liquidity risk management policies and procedures.

#### Liquidity Risk Management Policy

The Company has, as part of its overall risk management programme, established liquidity risk management policies and procedures which are reviewed periodically from time to time.

The key elements to the Company's risk management policy include (but not limited to) the following in accordance with its liquidity risk management policies and procedures:

- *Considering risk appetite* – The Company considers the liquidity risks facing a Sub-Fund to ensure that the Sub-Fund's dealing arrangements are appropriate for its investment strategy and underlying assets. Among other things, the Company seeks to (a) understand and align the liquidity profile of a Sub-Fund's liabilities with the liquidity profile of the Sub-Fund's assets, (b) understand investors' historical and expected redemption patterns, and (c) determine an appropriate dealing frequency taking into account the liquidity profile of the Sub-Fund and investors' redemption patterns.
- *Ongoing liquidity risk assessment through qualitative and quantitative evaluations* – The Company assesses, on a regular basis, the liquidity profile of:
  - i. the Sub-Fund's liabilities, in particular the Sub-Fund's investor profile and historical and future redemption patterns and likely liquidity demands; and

- ii. the Sub-Fund's assets, using both quantitative metrics (e.g. Days to Trade and Costs to Trade) and qualitative factors (e.g. asset class or credit quality) and the Company's professional judgment, taking into account the characteristics of the assets and markets invested in by the Sub-Fund. Risk models and targets are reviewed regularly to ensure they are appropriate and effective.

The Company assesses the Sub-Fund's liquidity position against the internal liquidity indicators.

- *Stress-testing* – Liquidity stress tests are conducted on an ongoing basis as appropriate based on various scenarios, including scenarios based on both backward-looking historical market conditions and redemption demands of the Sub-Fund or other similar funds as well as forward-looking hypothetical scenarios to assess a Sub-Fund's ability to meet redemption obligations and the impact on the remaining shareholders when there is a significant decrease in the liquidity of underlying assets or a significant increase in redemption requests. Stress test results will be reviewed by the Board of Directors of the Company to determine whether further action will be required.

#### Liquidity Risk Management Tools

The Company may utilize the following liquidity management tools in order to protect the interests of the shareholders:

- *Suspension of redemption* - The Company, in consultation with the Depositary, has discretion to suspend redemption or delay the payment of any moneys having regard to the best interests of shareholders. Please refer to section "Suspension of net asset value calculation, and suspension of the issue, redemption and conversion of shares" of the Prospectus for more information.
- *Limitations on redemption and conversion* - The Company reserves the right to refrain from executing redemption and conversion orders in full (redemption gate) on order dates on which the total orders would cause an outflow of funds of more than 10% of a Sub-Fund's net assets on that date to protect the interests of shareholders. Please refer to the section in this HKCD titled "Dealing in Shares" for more information.
- *Redemptions in-kind* – The Company has discretion to agree with redeeming shareholders that the Sub-Fund will meet part of the redemption request in-kind, by transferring underlying assets of an equivalent value to the shareholder. Please refer to section "Redemption of Shares" of the Prospectus for more information.
- *Swing Pricing/Dilution Adjustment* – Please refer to the section titled "Net asset value, issue, redemption and conversion price" of the Prospectus for more information.
- *Other Investment and Borrowing Restrictions* - Apart from being subject to investment restrictions and borrowing restrictions as outlined in the "Investment Principles" in the Prospectus, the Sub-Funds may not hold any physical commodities or engage in short selling activities.

#### **DISTRIBUTION POLICY**

Share classes with "-mdist" in their name may make monthly distributions, excluding fees and expenses. They may also make distributions out of capital (i.e. which includes the existing issued share capital, realised and unrealised capital gains) ("Capital"), at the discretion of the Management Company, or pay distributions out of gross income while charging/ paying all or part of a Sub-Fund's fees and expenses to/ out of the capital of the relevant Sub-Fund, resulting in an increase in distributable income for the payment of distributions by the Sub-Fund and therefore, the Sub-Fund may effectively pay distributions out of Capital.

The compositions of the distributions (i.e. the relative amounts pay out of (i) net distributable income and (ii) Capital) for the last 12 months will be made available by the Hong Kong Representative on request and

also on <https://www.ubs.com/hk/en/asset-management/funds-and-prices.html> (which website has not been reviewed by the SFC).

The Management Company may amend the policy with respect to distribution payment subject to the SFC's prior approval and by giving not less than one month's prior notice to investors.

Share classes with "6%-mdist" in their name may distribute monthly, and the relevant monthly distribution amount shall equal to  $6\% \div 12 \text{ months} \times \text{NAV}$  at the end of each month. Share classes with "8%-mdist" in their name may distribute monthly, and the relevant monthly distribution amount shall equal to  $8\% \div 12 \text{ months} \times \text{NAV}$  at the end of each month. For share classes with "6%-mdist" or "8%-mdist" in their name, the dividend rates (i.e. 6 % or 8%, as applicable) and distribution frequency of such constant distribution share classes will not be changed.

## **TAXATION**

For so long as the Company and the relevant Sub-Fund remain authorized by the SFC in Hong Kong inter alia (i) profits on the disposal of securities or interest or dividends received by the Company in respect of such Sub-Fund will not be chargeable to Hong Kong profits tax and (ii) holders of shares in the relevant Sub-Fund will not be subject to any Hong Kong profits tax in respect of their acquisition, holding, conversion or disposal of such holding(s), except where transactions in those shares form part of a trade, profession or business carried on in Hong Kong, and such gains arise in or are derived from Hong Kong. No Hong Kong stamp duty will be payable on the issue, redemption or conversion of shares in such Sub-Fund.

The foregoing information is presented on the basis of the Company's understanding of present legislation and practice in Hong Kong. It is not meant to be, and should not be treated as, a replacement for professional tax advice. Potential applicants resident or domiciled in Hong Kong should, however, consult their own financial advisers as to their tax position in relation to any investment in the Company and/or any Sub-Fund(s).

# UBS (Lux) Key Selection SICAV

**Investment company under Luxembourg law (the “Company”)**

October 2023

## Sales Prospectus

Shares in the Company may be acquired on the basis of this Sales Prospectus, the Company’s Articles of Incorporation, the latest annual report and, if already published, the subsequent semi-annual report.

Only the information contained in the Sales Prospectus and the aforementioned documents shall be deemed valid.

Furthermore, a key information document for retail and insurance-based packaged investment products within the meaning of Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for retail and insurance-based packaged investment products (PRIIPs) (“**KID**”) is made available to investors before subscribing for shares. For the avoidance of doubt, UCITS Key Investor Information Documents (“**KIIDs**”) shall continue to be made available to investors in the UK to the extent this remains a regulatory requirement. References to the “**KID**” in this Prospectus shall therefore also be read as a reference to the “**KIID**” where applicable. Information on whether a sub-fund of the Company is listed on the Luxembourg Stock Exchange can be obtained from the administrative agent or the Luxembourg Stock Exchange website ([www.bourse.lu](http://www.bourse.lu)).

The issue and redemption of Company shares is subject to the regulations prevailing in the country where this takes place. The Company treats all investor information with the strictest confidentiality, unless its disclosure is required pursuant to statutory or supervisory provisions.

Shares in this Company may not be offered, sold or delivered within the United States.

Shares of this Company may not be offered, sold or delivered to investors who are US Persons. A US Person is any person who:

- (i) is a United States person within the meaning of Section 7701(a)(30) of the US Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder;
- (ii) is a US person within the meaning of Regulation S under the US Securities Act of 1933 (17 CFR § 230.902(k));
- (iii) is not a Non-United States person within the meaning of Rule 4.7 of the US Commodity Futures Trading Commission Regulations (17 CFR § 4.7(a)(1)(iv));
- (iv) is in the United States within the meaning of Rule 202(a)(30)-1 under the US Investment Advisers Act of 1940, as amended; or
- (v) is any trust, entity or other structure formed for the purpose of allowing US Persons to invest in the Company.

## **Management and administration**

### **Registered office**

33A, avenue J.F. Kennedy, L-1855 Luxembourg, B.P. 91, L-2010 Luxembourg

### **Board of Directors of the Company**

Chairman	Robert Süttinger, Managing Director, UBS Asset Management Switzerland AG, Zurich
Members	Francesca Guagnini, Managing Director, UBS Asset Management (UK) Ltd., London
	Josée Lynda Denis, Independent Director, Luxembourg

Ioana Naum,  
Executive Director,  
UBS Asset Management Switzerland AG  
Zurich

Raphael Schmidt-Richter,  
Executive Director,  
UBS Asset Management (Deutschland) GmbH,  
Frankfurt

### **Management Company**

UBS Fund Management (Luxembourg) S.A., RCS Luxembourg B 154.210 (the “**Management Company**”).

The Management Company was established in Luxembourg on 1 July 2010 as an *Aktiengesellschaft* (public limited company) for an indefinite period. Its registered office is located at 33A avenue J.F. Kennedy, L-1855 Luxembourg.

The Articles of Association of the Management Company were published on 16 August 2010 by way of a notice of deposit in the Mémorial, Recueil des Sociétés et Associations (the “**Mémorial**”).

The consolidated version of the Articles of Incorporation may be consulted at the Luxembourg Trade and Companies Register (Registre de Commerce et des Sociétés). The corporate purpose of the Management Company is to manage undertakings for collective investment pursuant to Luxembourg law and to issue/redeem units or shares in these products, among other activities. In addition to the Company, the Management Company currently also manages other undertakings for collective investment. The Management Company has fully paid-up equity capital of EUR 13,000,000. The Management Company also acts as domiciliary agent for the Company.

### **Board of Directors of the Management Company**

Chairman	Michael Kehl, Head of Products, UBS Asset Management Switzerland AG, Zurich, Switzerland
Members	Ann-Charlotte Lawyer, Independent Director, Luxembourg, Grand Duchy of Luxembourg
	Francesca Prym, CEO, UBS Fund Management (Luxembourg) SA Luxembourg, Grand Duchy of Luxembourg
	Miriam Uebel, Institutional Client Coverage, UBS Asset Management (Deutschland) GmbH, Frankfurt, Germany
	Eugène Del Cioppo, CEO, UBS Fund Management (Switzerland) AG, Basel, Switzerland

### **Conducting Officers of the Management Company**

Federica Ghirlandini,  
UBS Fund Management (Luxembourg) S.A.,  
Luxembourg, Grand Duchy of Luxembourg

Valérie Bernard,  
UBS Fund Management (Luxembourg) S.A.,  
Luxembourg, Grand Duchy of Luxembourg

Geoffrey Lahaye,  
UBS Fund Management (Luxembourg) S.A.,  
Luxembourg, Grand Duchy of Luxembourg

Olivier Humbert,  
UBS Fund Management (Luxembourg) S.A.,  
Luxembourg, Grand Duchy of Luxembourg

Barbara Chamberlain,  
UBS Fund Management (Luxembourg) S.A.,  
Luxembourg, Grand Duchy of Luxembourg

Andrea Papazzoni,  
UBS Fund Management (Luxembourg) S.A.,  
Luxembourg, Grand Duchy of Luxembourg

Stéphanie Minet,  
UBS Fund Management (Luxembourg) S.A.,  
Luxembourg, Grand Duchy of Luxembourg

### Portfolio Manager

Sub-fund	Portfolio Manager
UBS (Lux) Key Selection SICAV – Global Allocation (USD) UBS (Lux) Key Selection SICAV – Global Allocation (EUR) UBS (Lux) Key Selection SICAV – Global Allocation (CHF)	UBS Asset Management (Americas) Inc., Chicago
UBS (Lux) Key Selection SICAV – Digital Transformation Dynamic (USD) UBS (Lux) Key Selection SICAV – Digital Transformation Themes (USD)	UBS Asset Management (Americas) Inc., Chicago UBS Switzerland AG, Zurich
UBS (Lux) Key Selection SICAV – Asian Equities (USD)	UBS Asset Management (Singapore) Ltd, Singapore
UBS (Lux) Key Selection SICAV – Asian Global Strategy Balanced (USD)	UBS Asset Management Switzerland AG, Zurich UBS Switzerland AG, Zurich
UBS (Lux) Key Selection SICAV – Asia Allocation Opportunity (USD) UBS (Lux) Key Selection SICAV – China Allocation Opportunity (USD) UBS (Lux) Key Selection SICAV – China Equity Unconstrained (USD) UBS (Lux) Key Selection SICAV – Credit Income Opportunities (USD)	UBS Asset Management (Hong Kong) Limited, Hong Kong
UBS (Lux) Key Selection SICAV – Systematic Allocation Portfolio Equity (USD) UBS (Lux) Key Selection SICAV – Dynamic Alpha (USD) UBS (Lux) Key Selection SICAV – Climate Diversified (EUR)	UBS Asset Management Switzerland AG, Zurich
UBS (Lux) Key Selection SICAV – European Equity Sustainable Leaders (EUR) UBS (Lux) Key Selection SICAV – European Equity Value Opportunity (EUR) UBS (Lux) Key Selection SICAV – European Growth and Income (EUR) UBS (Lux) Key Selection SICAV – Global Equities (USD) UBS (Lux) Key Selection SICAV – Global Multi Income (USD) UBS (Lux) Key Selection SICAV – Turnaround Equity Opportunities (USD) UBS (Lux) Key Selection SICAV – European Financial Debt Sustainable (EUR)	UBS Asset Management (UK) Ltd., London
UBS (Lux) Key Selection SICAV – Multi Strategy Alternatives (EUR)	UBS Hedge Fund Solutions LLC, Stamford (USA)

The Portfolio Manager has been assigned the management of the securities portfolio under the supervision and responsibility of the Management Company; to this end, it carries out all transactions relevant hereto in accordance with the prescribed investment restrictions.

If the above table states that UBS Asset Management (Americas) Inc. and UBS Switzerland AG have been appointed Portfolio Managers for the sub-funds, the following division of responsibilities applies in addition:

For UBS (Lux) Key Selection SICAV – Digital Transformation Dynamic (USD) and UBS (Lux) Key Selection SICAV – Digital Transformation Themes (USD), UBS Switzerland AG will assume the task of establishing the key long-term investment themes,



a corresponding equities universe and the investment parameters. UBS Switzerland AG also assumes the task of making investment recommendations in relation to the allocation of assets to the various asset classes for UBS (Lux) Key Selection SICAV – Digital Transformation Dynamic (USD). The recommendations are based on a systematic approach, which is described in greater detail in the special investment policy. UBS Asset Management (Americas) Inc. will use the information provided by UBS Switzerland AG together with the results of its own fundamental research to determine the sub-funds' investments. UBS Asset Management (Americas) Inc. will carry out all relevant transactions in line with the prescribed investment parameters.

The Management Company has assigned the portfolio management of the sub-fund UBS (Lux) Key Selection SICAV – Asian Global Strategy Balanced (USD) to UBS Asset Management Switzerland AG, Zurich, as well as to UBS Switzerland AG. UBS Switzerland AG assumes the tasks of allocating assets and preselecting investment strategies. UBS Asset Management Switzerland AG is responsible for selecting investment instruments, makes investment decisions and carries out all transactions relevant hereto in accordance with the prescribed investment restrictions.

The Portfolio Management entities of UBS Asset Management may transfer their mandates, fully or in part, to associated Portfolio Managers within UBS Asset Management. However, responsibility in each case remains with the aforementioned Portfolio Manager assigned by the Company.

#### Investment Advisor

Sub-fund	Investment Advisor
UBS (Lux) Key Selection SICAV – Systematic Allocation Portfolio Equity (USD)	UBS Switzerland AG, Zurich

The Investment Advisor makes investment recommendations to the Portfolio Manager of the sub-fund indicated above in relation to the allocation of assets to the various asset classes. The recommendations are based on a systematic approach, which is described in greater detail in the special investment policy. The Portfolio Manager of the sub-funds is responsible for identifying and selecting suitable companies and investment instruments, makes investment decisions and carries out all transactions relevant hereto in accordance with the prescribed investment restrictions.

Sub-fund	Investment Advisor
UBS (Lux) Key Selection SICAV – Credit Income Opportunities (USD)	UBS Switzerland AG, Zurich

The Investment Advisor makes investment recommendations to the Portfolio Manager of the sub-fund indicated above regarding the allocation of assets to the different sub-categories of fixed-income investments, such as the allocation to the investment grade, high-yield, emerging markets, and other segments. They may also recommend investment instruments deemed useful for the accomplishment of the sub-fund's objective. The Portfolio Manager of the sub-fund is responsible for identifying and selecting suitable companies and investment instruments, makes investment decisions and carries out all transactions relevant hereto in accordance with the prescribed investment restrictions.

#### Depositary and Main Paying Agent

UBS Europe SE, Luxembourg Branch, 33A avenue J.F. Kennedy, L-1855 Luxembourg, (B.P. 2, L-2010 Luxembourg)  
 UBS Europe SE, Luxembourg Branch, has been appointed as depositary of the Company (the "**Depositary**"). The Depositary will also provide paying agent services to the Company.

The Depositary is a Luxembourg branch of UBS Europe SE, a European company (societas Europaea – SE) with its registered office in Frankfurt am Main, Germany, listed in the trade and companies register of the Frankfurt am Main district court (Handelsregister des Amtsgerichts Frankfurt am Main) under number HRB 107046. The Depositary is located at 33A avenue J.F. Kennedy, L-1855 Luxembourg, and is entered in the Luxembourg trade and companies register under B 209.123.

The Depositary has been assigned the safekeeping of those financial instruments of the Company that can be held in custody, as well as the record keeping and verification of ownership for other assets held by the Company. The Depositary shall also ensure the effective and proper monitoring of the Company's cash flows pursuant to the provisions of the Law of 17 December 2010 on undertakings for collective investment ("**Law of 2010**") and the depositary agreement (hereinafter referred to as the "**Depositary Agreement**"), each as amended.

Assets held in custody by the Depositary shall not be reused for their own account by the Depositary or any third party to whom custody has been delegated, unless such reuse is expressly permitted by the Law of 2010.

In addition, the Depositary shall also ensure that (i) the sale, issue, repurchase, redemption and cancellation of shares is carried out in accordance with Luxembourg law, the Sales Prospectus and the Articles of Incorporation; (ii) the value of the shares is calculated in accordance with Luxembourg law; (iii) the instructions of the Management Company or the Company are carried out, unless they conflict with applicable Luxembourg law, the Sales Prospectus and/or the Articles of Incorporation; (iv) for transactions involving the Company's assets, any consideration is remitted to the Company within the usual time limits; and (v) the Company's income is appropriated in accordance with Luxembourg law, the Sales Prospectus and the Articles of Incorporation.

In accordance with the provisions of the Depositary Agreement and the Law of 2010, the Depositary may appoint one or more sub-depositaries. Subject to certain conditions and with the aim of effectively fulfilling its duties, the Depositary may thus delegate all or part of the safekeeping of those financial instruments that can be held in custody as entrusted to it, and/or all or part of its duties regarding the record keeping and verification of ownership of other assets of the Company.

In accordance with the applicable laws and regulations, as well as the directive on conflicts of interest, the Depositary shall assess potential conflicts of interest that may arise from the delegation of its safekeeping tasks to a sub-depositary or sub-

delegate before any such appointing takes place. The Depositary is part of the UBS Group: a global, full-service private banking, investment banking, asset management and financial services organisation that is a major player on the global financial markets. As such, conflicts of interest may arise in connection with the delegation of its safekeeping tasks, because the Depositary and its affiliates engage in various business activities and may have diverging direct or indirect interests.

Investors may obtain additional information free of charge by addressing a written request to the Depositary.

Irrespective of whether a sub-depositary or sub-delegate is part of the UBS Group, the Depositary will exercise the same level of due skill, care and diligence both in the selection and appointment as well as in the on-going monitoring of the respective sub-depositary or sub-delegate. Furthermore, the conditions determining the appointment of any sub-depositary or sub-delegate that is member of the UBS Group will be negotiated at arm's length in order to protect the interests of the Company and its shareholders. Should a conflict of interest arise and prove impossible to mitigate, such conflict of interest will be disclosed to the shareholders, together with all decisions taken pertaining thereto. An up-to-date description of all custody tasks delegated by the Depositary, alongside an up-to-date list of these delegates and sub-delegate(s) can be found on the following webpage: <https://www.ubs.com/global/en/legalinfo2/luxembourg.html>

Where the law of a third country requires that financial instruments be held in custody by a local entity and no local entity satisfies the delegation requirements of Article 34 bis, Paragraph 3, lit. b) i) of the Law of 2010, the Depositary may delegate its tasks to such local entity to the extent required by the law of such third country for as long as there are no local entities satisfying the aforementioned requirements. In order to ensure that its tasks are only delegated to sub-depositaries providing an adequate standard of protection, the Depositary must exercise all due skill, care and diligence as required by the Law of 2010 in the selection and appointment of any sub-depositary to which it intends to delegate a portion of its tasks. Furthermore, it must continue to exercise all due skill, care and diligence in the periodic review and ongoing monitoring of any sub-depositary to which it has delegated a portion of its tasks and of any arrangements entered into by the sub-depositary in respect of the matters delegated to it. In particular, delegation is only permitted if the sub-depositary keeps the assets of the Company separate from the Depositary's own assets and the assets belonging to the sub-depositary at all times during performance of the delegated tasks pursuant to the Law of 2010. The Depositary's liability shall not be affected by any such delegation, unless otherwise stipulated in the Law of 2010 and/or the Depositary Agreement.

The Depositary is liable to the Company and its shareholders for the loss of a financial instrument held in custody within the meaning of Article 35 (1) of the Law of 2010 and Article 12 of Commission Delegated Regulation (EU) 2016/438 of 17 December 2015 supplementing the UCITS Directive with regard to the obligations of depositaries (the "**Deposited Fund Assets**") by the Depositary and/or a sub-depositary (the "**Loss of a Deposited Fund Asset**").

In the event of the Loss of a Deposited Fund Asset, the Depositary must provide a financial instrument of the same type or value to the Company without undue delay. In accordance with the provisions of the Law of 2010, the Depositary will not be liable for the Loss of a Deposited Fund Asset if this was the result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

Without prejudice to the special liability of the Depositary in the event of the loss of any fund assets held in custody, the Depositary shall be liable for any loss or damage suffered by the Company resulting directly from the Depositary's negligence, fraud or wilful misconduct in the execution of the services under the Depositary Agreement, except in respect of the Depositary's duties under the Law of 2010 for which the Depositary will be liable for any loss or damage suffered by the Company resulting directly from the Depositary's negligent or intentional failure to properly fulfil its obligations pursuant to the Law of 2010.

The Company and the Depositary may terminate the Depositary Agreement at any time by giving three (3) months' notice via registered letter. Under certain circumstances, the Depositary Agreement may also be terminated with a shorter notice period, for example in the event of a material breach of duty by one of the parties. Until a new depositary has been appointed, which must occur within no more than two (2) months of the time when notice to terminate the Depositary Agreement took effect, the Depositary shall take all necessary steps in order to ensure that the interests of investors in the Company are upheld. If the Company does not name another depositary as its successor within this period, the Depositary may notify the Luxembourg supervisory authority ("Commission de Surveillance du Secteur Financier – "CSSF") concerning the situation.

The Depositary shall be entitled to be remunerated for its services out of the net assets of the Company, as agreed upon in the Depositary Agreement. In addition, the Depositary is entitled to be reimbursed by the Company for its reasonable out-of-pocket expenses and disbursements and for the charges of any correspondents.

The Depositary is not involved, directly or indirectly, with the business affairs, organisation or management of the Company and is not responsible for the content of this document and thus accepts no responsibility for the accuracy of any information contained herein or the validity of the structure and investments of the Company. The Depositary has no decision-making discretion nor any advice duty relating to the Company's investments and is prohibited from meddling in the management of the Company's investments. The Depositary does not have any investment decision-making role in relation to the Company.

In case the Depositary receives investors' data, such data might be accessible and/or transferred by the Depositary to other entities controlled by the UBS Group AG currently or in the future as well as third-party service providers (the "UBS Partners"), in their capacity as service providers on behalf of the Depositary. UBS Partners are domiciled in the EU or in countries located outside the EU but with an adequate level of data protection (on the basis of an adequacy decision by the European Commission) such as Switzerland. Data could be made available to UBS entities located in Poland, the UK, Switzerland, Monaco, and Germany as well as other branches of UBS Europe SE (in France, Italy, Spain, Denmark, Sweden, Switzerland and Poland), for the purpose of outsourcing certain infrastructure (e.g. telecommunications, software) and/or other tasks in order to streamline and/or centralise a series of processes linked to the finance, operational, back-office, credit, risk, or other support or control functions. Further information about the outsourcing and processing of personal data by the Depositary is available at <https://www.ubs.com/lux-europe-se>.

#### **Administrative agent**

Northern Trust Global Services SE, 10, rue du Château d'Eau, L-3364 Leudelange

The administrative agent is responsible for the general administrative tasks involved in managing the Company as prescribed by Luxembourg law. These administrative services mainly include calculating the net asset value per share, keeping the Company's accounts and carrying out reporting activities.

**Auditor of the Company**

Ernst & Young S.A., 35E, avenue John F. Kennedy, L-1855 Luxembourg

**Paying agents**

UBS Europe SE, Luxembourg Branch, 33A avenue J.F. Kennedy, L-1855 Luxembourg, (B.P. 2, L-2010 Luxembourg) and other paying agents in the various distribution countries.

**Distributors and other sales agents, referred to as “distributors” in the Sales Prospectus.**

UBS Asset Management Switzerland AG, Zurich, and other distributors in the various countries of distribution.

**Profile of the typical investor**

**UBS (Lux) Key Selection SICAV – Asian Equities (USD)**

This actively managed sub-fund is suitable for investors who wish to invest in a diversified portfolio of Asian equities and equity rights and in a sub-fund promoting environmental and/or social characteristics, and who are willing to accept the risk associated with equities.

**UBS (Lux) Key Selection SICAV – Asian Global Strategy Balanced (USD)**

This actively managed sub-fund is suitable for investors who wish to invest in a global portfolio with a focus on Asia. Investors will benefit from broad diversification across a number of asset classes such as equities and bonds. Investors should be prepared to assume the risk associated with investing in Asian assets and currencies, and thus in emerging markets.

**UBS (Lux) Key Selection SICAV – China Allocation Opportunity (USD)**

This actively managed sub-fund is suitable for investors who wish to invest in a diversified portfolio of equities and bonds with a focus on China. Investors should be prepared to assume the risk associated with investing in Chinese assets.

**UBS (Lux) Key Selection SICAV – China Equity Unconstrained (USD)**

This actively managed sub-fund is suited to risk-aware investors wanting to invest primarily in Chinese companies by means of a diversified equity portfolio.

**UBS (Lux) Key Selection SICAV – Credit Income Opportunities (USD)**

This actively managed sub-fund is suitable for investors who wish to generate attractive returns and capital growth from investing in a globally diversified portfolio of fixed-income securities.

**UBS (Lux) Key Selection SICAV – Digital Transformation Dynamic (USD)**

This actively managed sub-fund is suitable for investors who wish to invest globally in a broadly diversified portfolio comprised mainly of equities and equity rights of companies in developed countries and emerging markets. By investing in this sub-fund, investors seek in particular to participate in global equity markets, and are thus prepared to accept the associated risk.

**UBS (Lux) Key Selection SICAV – Digital Transformation Themes (USD)**

This actively managed sub-fund is suitable for investors who wish to invest globally in a broadly diversified portfolio of equities and equity rights of companies in developed countries and emerging markets and in a sub-fund promoting environmental and/or social characteristics, and who are willing to accept the risk associated with equities.

**UBS (Lux) Key Selection SICAV – Dynamic Alpha (USD)**

This actively managed sub-fund is suitable for investors with a medium to high risk tolerance who wish to invest in a globally diversified portfolio. Investors should seek to seize opportunities for attractive returns in any market environment and prepared to assume the associated risk.

**UBS (Lux) Key Selection SICAV – Asia Allocation Opportunity (USD)**

This actively managed sub-fund is suitable for investors who wish to invest in a diversified portfolio of equities and bonds with a focus on Asia. Investors should be prepared to assume the risk associated with investing in Asian assets.

**UBS (Lux) Key Selection SICAV – European Equity Sustainable Leaders (EUR)**

This actively managed sub-fund is suitable for investors who wish to invest in a diversified portfolio of attractively valued European companies that are leaders in their respective sectors, in particular as regards sustainability. This sub-fund promotes environmental and/or social characteristics.

**UBS (Lux) Key Selection SICAV – European Equity Value Opportunity (EUR)**

This actively managed sub-fund is suitable for investors who wish to invest in a diversified portfolio of European equities and equity rights along with debt securities and claims.

**UBS (Lux) Key Selection SICAV – European Growth and Income (EUR)**

This actively managed sub-fund is suitable for risk-conscious investors who wish to invest in a diversified portfolio of equities, bonds and convertible bonds with a focus on Europe and with a bond component consisting primarily of high yield bonds. Investors should be prepared to assume the risk associated with investing in equities and high yield bonds.

**UBS (Lux) Key Selection SICAV – Global Allocation (CHF)**

**UBS (Lux) Key Selection SICAV – Global Allocation (EUR)**

**UBS (Lux) Key Selection SICAV – Global Allocation (USD)**

These actively managed sub-funds are suitable for investors seeking capital gains who wish to invest in a globally diversified portfolio with the reference currency stated in the relevant sub-fund name.

**UBS (Lux) Key Selection SICAV – Multi Strategy Alternatives (EUR)**

This actively managed sub-fund is suitable for investors with high risk tolerance who wish to invest in a diversified fund portfolio.

**UBS (Lux) Key Selection SICAV – Global Equities (USD)**

This actively managed sub-fund is suitable for investors who wish to invest worldwide in a diversified portfolio of corporate equities and equity rights.

**UBS (Lux) Key Selection SICAV – Global Multi Income (USD)**

This actively managed sub-fund is suitable for investors whose primary goal is to generate income and who wish to benefit from diversification across a number of asset classes on global financial markets. Investors should be prepared to accept the associated credit risk.

**UBS (Lux) Key Selection SICAV – Turnaround Equity Opportunities (USD)**

This actively managed sub-fund is suitable for investors who wish to invest in a diversified portfolio of global equities that are undervalued and anticipated to appreciate in value over time.

**UBS (Lux) Key Selection SICAV – Systematic Allocation Portfolio Equity (USD)**

This actively managed sub-fund is suitable for investors who wish to invest globally in a broadly diversified portfolio of equities and equity rights of companies in developed countries and emerging markets. By investing in this sub-fund, investors seek in particular to participate in global equity markets, and are thus prepared to accept the associated risk.

**UBS (Lux) Key Selection SICAV – Climate Diversified (EUR)**

This actively managed sub-fund is suitable for investors who wish to invest in a globally diversified portfolio which promotes environmental and/or social characteristics. As the sub-fund invests directly or indirectly in equity and fixed income in both developed countries and emerging markets, investors should be prepared to assume the associated risks.

**UBS (Lux) Key Selection SICAV – European Financial Debt Sustainable (EUR)**

The actively managed sub-fund is suitable for investors who wish to invest in a diversified portfolio of mainly subordinated debt instruments (including hybrid bonds) as well as additional core capital securities (AT1) from the financial sector in Europe. This sub-fund promotes environmental and/or social characteristics. Investors should be prepared to assume the interest rate and credit risks inherent in this type of asset.

**Historical performance**

Information on where historical performance can be found is outlined in the KID of the relevant share class or in the corresponding sub-fund-specific document for the Company's distribution countries.

**Risk profile**

Sub-fund investments may be subject to substantial fluctuations and no guarantee can be given that the value of a Company share will not fall below its value at the time of acquisition.

Factors that can trigger such fluctuations or influence their magnitude include but are not limited to:

- Company-specific changes,
- Changes in interest rates,
- Changes in exchange rates,

- Changes in cyclical factors such as employment, government spending and debt, inflation,
- Changes in the legal environment,
- Changes to investor confidence in certain asset classes (e.g. equities), markets, countries, industries and sectors, and
- Changes in commodity prices.

By diversifying investments, the Portfolio Manager seeks to partly reduce the negative impact of these risks on the value of the sub-fund.

Where sub-funds are exposed to specific risks due to their investments, information on these risks is included in the investment policy of this sub-fund.

## **Legal aspects**

### **The Company**

The Company offers investors various sub-funds ("**umbrella structure**") that invest in accordance with the investment policy described in this Sales Prospectus. The specific features of each sub-fund are defined in this Sales Prospectus, which will be updated each time a new sub-fund is launched.

Name of the Company:	UBS (Lux) Key Selection SICAV		
Legal form:	Open-ended investment fund legally established in the form of a société d'investissement à capital variable (" <b>SICAV</b> ") pursuant to Part I of the Law of 2010		
Date of incorporation:	9 August 2002		
Entered in the Luxembourg trade and companies register under:	RCS B 88.580		
Financial year:	1 October to 30 September		
Ordinary general meeting:	Annually at 10:00 on 20 March at the registered office of the Company. Should 20 March fall on a day that is not a business day in Luxembourg (i.e. a day on which banks in Luxembourg are open during normal business hours), then the general meeting will be held on the next business day.		
Articles of Incorporation:			
	Initial publication	23 August 2002	Published in the Mémorial
	Amendments	24 March 2004	15 June 2004
		9 May 2011	11 August 2011
		30 October 2015	25 November 2015
Management Company	UBS Fund Management (Luxembourg) S.A., RCS Luxembourg B 154.210		

The consolidated version of the Articles of Incorporation of the Company may be consulted at the Luxembourg trade and companies register (Registre de Commerce et des Sociétés). Any amendments thereto shall be notified by way of a notice of deposit in the Recueil Electronique des Sociétés et Associations ("**RESA**"), as well as by any other means described below in the section entitled "Regular reports and publications". Amendments become legally binding following their approval by the general meeting of shareholders.

The combined net assets of the individual sub-funds form the total net assets of the Company, which at all times constitute the Company's share capital and consist of fully-paid up, no-par value shares (the "**shares**").

The Company asks investors to note that they only benefit from shareholder rights – particularly the right to participate in general meetings – if they are entered in their own name in the register of shareholders following their investment in the Company. However, if investors buy Company shares indirectly through an intermediary that makes the investment in its own name on behalf of the investor, and as a result, said intermediary is entered into the shareholders' register instead of the investor, the aforementioned shareholder rights may be granted to the intermediary and not the investor. Investors are therefore advised to enquire as to their investor rights before making an investment decision.

At general meetings, shareholders are entitled to one vote per share held, irrespective of any differences in value between the shares in the individual sub-funds. Shares of a particular sub-fund carry the right of one vote per share held when voting at meetings affecting this sub-fund.

The Company forms a legal unit. As regards the association between shareholders, each sub-fund is considered to be independent of the others. The assets of a sub-fund are only liable for liabilities incurred by that sub-fund. As no division of liabilities is made between share classes, there is a risk that, under certain conditions, currency hedging transactions for share classes with "hedged" in their name may result in liabilities that affect the net asset value of other unit classes of the same sub-fund.

The Company may decide to liquidate existing sub-funds and/or launch new sub-funds and/or create different share classes with specific characteristics within these sub-funds at any time. This Sales Prospectus will be updated each time a new sub-fund is launched.

The Company's duration and total assets are unlimited.

The Company was established on 9 August 2002 as an open-ended investment fund in the form of a SICAV pursuant to Part I of the Luxembourg Law of 30 March 1988 relating to undertakings for collective investment and was adapted in February 2004 to conform to the provisions of the Law of 20 December 2002 relating to undertakings for collective investment; it has been subject to the Law of 2010 since 1 July 2011. With effect from 16 May 2011, the Company has appointed UBS Fund Management (Luxembourg) S.A. as its Management Company.

## **Share classes**

Various share classes may be offered for each sub-fund. Information on the share classes available in each sub-fund can be obtained from the administrative agent or at [www.ubs.com/funds](http://www.ubs.com/funds).

"P"	Shares in classes with "P" in their name are available to all investors. Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, DKK 700, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NOK 900, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.
"N"	Shares in classes with "N" in their name (shares with restrictions on distribution partners or countries) are issued exclusively through distributors authorised by UBS Asset Management Switzerland AG and domiciled in Spain, Italy, Portugal and Germany, or in other distribution countries insofar as this has been decided by the Company. No entry costs shall be charged for these classes, even if they have additional characteristics. Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, DKK 700, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NOK 900, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.
"K-1"	Shares in classes with "K-1" in their name are available to all investors. Their smallest tradable unit is 0.001. The minimum investment amount is equivalent to the initial issue price of the unit class and is applicable on the level of the clients of financial intermediaries. This minimum investment amount must be met or exceeded with every subscription order that is placed. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 5 million, BRL 20 million, CAD 5 million, CHF 5 million, CZK 100 million, DKK 35 million, EUR 3 million, GBP 2.5 million, HKD 40 million, JPY 500 million, NOK 45 million, NZD 5 million, PLN 25 million, RMB 35 million, RUB 175 million, SEK 35 million, SGD 5 million, USD 5 million or ZAR 40 million.
"K-B"	Shares in classes with "K-B" in their name are exclusively reserved for investors who have signed a written agreement with UBS Asset Management Switzerland AG or one of its authorised distribution partners on investing in one or more sub-funds of this umbrella fund. The costs for asset management are charged to investors under the aforementioned agreements. Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, DKK 700, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NOK 900, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.
"K-X"	Shares in classes with "K-X" in their name are exclusively reserved for investors who have signed a written agreement with UBS Asset Management Switzerland AG or one of its authorised contractual partners on investing in one or more sub-funds of this umbrella fund. The costs for asset management, fund administration (comprising the costs incurred by the Company, administrative agent and the Depositary) and distribution are charged to investors under the aforementioned agreements. Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, DKK 700, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NOK 900, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.
"F"	Shares in classes with "F" in their name are exclusively reserved for UBS Group AG affiliates. The maximum flat fee for this class does not include distribution costs. These shares may only be acquired by UBS Group AG affiliates, either for their own account or as part of discretionary asset management mandates concluded with UBS Group AG companies. In the latter case, the shares will be returned to the Company upon termination of the mandate at the prevailing net asset value and without being subject to charges. The smallest tradable unit of these shares is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, DKK 700, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NOK 900, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.

"Q"	<p>Shares in classes with "Q" in their name are exclusively reserved for financial intermediaries that (i) make investments for their own account, and/or (ii) receive no distribution fees in accordance with regulatory requirements, and/or (iii) can only offer their clients classes with no retrocessions, where these are available in the investment fund in question, in accordance with written agreements or agreements on fund savings plans concluded with their clients. Investments that no longer meet the above conditions may be forcibly redeemed at the prevailing net asset value or exchanged for another class of the sub-fund. The Company and the Management Company are not liable for any tax consequences that may result from a forcible redemption or exchange. The smallest tradable unit of these shares is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, DKK 700, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NOK 900, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.</p>
"QL"	<p>Shares in classes with "QL" in their name are exclusively reserved for selected financial intermediaries that: (i) have received approval from the Management Company prior to first subscription, and (ii) receive no distribution fees in accordance with regulatory requirements and/or can only offer their clients classes with no retrocessions, where these are available in the investment fund in question, in accordance with written agreements concluded with their clients. The Management Company will require a minimum investment of CHF 200 million (or the equivalent in another currency). The Management Company may waive the minimum investment temporarily or permanently. Investments that no longer meet the above conditions may be forcibly redeemed at the prevailing net asset value or exchanged for another class of the sub-fund. The Company and the Management Company are not liable for any tax consequences that may result from a forcible redemption or exchange. The smallest tradable unit of these shares is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, DKK 700, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NOK 900, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.</p>
"A"	<p>Shares in classes with "A" in their name are available to all investors. The maximum flat fee for this class does not include distribution costs. Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price for these shares amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NOK 900, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.</p>
"I-A1"	<p>Shares in classes with "I-A1" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)(c) of the Law of 2010. The maximum flat fee for this class does not include distribution costs. The smallest tradable unit of these shares is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, DKK 700, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NOK 900, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.</p>
"I-A2"	<p>Shares in classes with "I-A2" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)(c) of the Law of 2010. The maximum flat fee for this class does not include distribution costs. The smallest tradable unit of these shares is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, DKK 700, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NOK 900, NZD 100, PLN 500, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000. The minimum subscription amount for these shares is CHF 10 million (or foreign currency equivalent).</p> <p>Upon subscription:</p> <ul style="list-style-type: none"> <li>(i) a minimum subscription must be made in accordance with the list above; or</li> <li>(ii) based on a written agreement between the institutional investor and UBS Asset Management Switzerland AG (or one its authorised contractual partners) or on the written approval of UBS Asset Management Switzerland AG (or one its authorised contractual partners), the investor's total assets managed by UBS or its holdings in UBS collective investment schemes must be more than CHF 30 million (or foreign currency equivalent); or</li> <li>(iii) the institutional investor must be an institution for occupational retirement provision that is part of UBS Group AG or must be one of its wholly-owned group companies.</li> </ul> <p>The management company may waive the minimum subscription if the total assets under management at UBS or the holdings of UBS collective investment schemes by institutional investors exceed CHF 30 million within a specified period.</p>
"I-A3"	<p>Shares in classes with "I-A3" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)(c) of the Law of 2010. The maximum flat fee for this class does not include distribution costs. The smallest tradable unit of these shares is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, DKK 700, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NOK 900, NZD 100, PLN 500, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000. The minimum subscription amount for these shares is CHF 30 million (or foreign currency equivalent).</p>

	<p>Upon subscription:</p> <p>(i) a minimum subscription must be made in accordance with the list above; or</p> <p>(ii) based on a written agreement between the institutional investor and UBS Asset Management Switzerland AG (or one its authorised contractual partners) or on the written approval of UBS Asset Management Switzerland AG (or one its authorised contractual partners), the investor's total assets managed by UBS or its holdings in UBS collective investment schemes must be more than CHF 100 million (or foreign currency equivalent); or</p> <p>(iii) the institutional investor must be an institution for occupational retirement provision that is part of UBS Group AG or must be one of its wholly-owned group companies.</p> <p>The management company may waive the minimum subscription if the total assets under management at UBS or the holdings of UBS collective investment schemes by institutional investors exceed CHF 100 million within a specified period.</p>
"I-A4"	<p>Shares in classes with "I-A4" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)(c) of the Law of 2010. The maximum flat fee for this class does not include distribution costs. The smallest tradable unit of these shares is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, DKK 700 EUR 100, GBP 100, HKD 1,000, JPY 10,000, NOK 900, NZD 100, PLN 500, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000. The minimum subscription amount for these shares is CHF 100 million (or foreign currency equivalent).</p> <p>Upon subscription:</p> <p>(i) a minimum subscription must be made in accordance with the list above; or</p> <p>(ii) based on a written agreement between the institutional investor and UBS Asset Management Switzerland AG (or one its authorised contractual partners) or on the written approval of UBS Asset Management Switzerland AG (or one its authorised contractual partners), the investor's total assets managed by UBS or its holdings in UBS collective investment schemes must be more than CHF 500 million (or foreign currency equivalent); or</p> <p>(iii) the institutional investor must be an institution for occupational retirement provision that is part of UBS Group AG or must be one of its wholly-owned group companies.</p> <p>The Management Company may waive the minimum subscription amount if the total assets managed by UBS or the amount held in UBS collective investment schemes for institutional investors is more than CHF 500 million within a defined period. Investments that no longer meet the above conditions may be forcibly redeemed at the prevailing net asset value or exchanged for another class of the sub-fund. The Management Company is not liable for any tax consequences that may result from a forcible redemption or exchange.</p>
"I-B"	<p>Shares in classes with "I-B" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)(c) of the Law of 2010 who have signed a written agreement with UBS Asset Management Switzerland AG or one of its authorised contractual partners on investing in one or more sub-funds of this umbrella fund. A fee covering the costs for fund administration (comprising the costs of the Company, the administrative agent and the Depositary) is charged directly to the sub-fund. The costs for asset management and distribution are charged to investors under the aforementioned agreements. Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, DKK 700, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NOK 900, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.</p>
"I-X"	<p>Shares in classes with "I-X" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)(c) of the Law of 2010 who have signed a written agreement with UBS Asset Management Switzerland AG or one of its authorised contractual partners on investing in one or more sub-funds of this umbrella fund. The costs for asset management, fund administration (comprising the costs incurred by the Company, administrative agent and the Depositary) and distribution are charged to investors under the aforementioned agreements. Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, DKK 700, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NOK 900, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.</p>
"U-X"	<p>Shares in classes with "U-X" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)(c) of the Law of 2010 who have signed a written agreement with UBS Asset Management Switzerland AG or one of its authorised contractual partners on investing in one or more sub-funds of this umbrella fund. The costs for asset management, fund administration (comprising the costs of the Company, the administrative agent and the Depositary) and distribution are charged to investors under the aforementioned agreements. This share class is exclusively geared towards financial products (i.e. funds of funds or other pooled structures under various legislative frameworks). Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 10,000, BRL 40,000, CAD 10,000, CHF 10,000, CZK 200,000, DKK 70,000, EUR 10,000, GBP 10,000, HKD 100,000, JPY 1 million, NOK 90,000, NZD 10,000, PLN 50,000, RMB 100,000, RUB 350,000, SEK 70,000, SGD 10,000, USD 10,000 or ZAR 100,000.</p>



Additional characteristics:

Currencies	The share classes may be denominated in AUD, BRL, CAD, CHF, CZK, DKK, EUR, GBP, HKD, JPY, NOK, NZD, PLN, RMB, RUB, SEK, SGD, USD or ZAR. For share classes issued in the currency of account of the sub-fund, this currency will not be included in the share class name. The currency of account features in the name of the relevant sub-fund.
"hedged"	For share classes with "hedged" in their name and with reference currencies different to the sub-fund's currency of account (" <b>classes in foreign currencies</b> "), the risk of fluctuations in the value of the reference currency is hedged against the sub-fund's currency of account. This hedging shall be between 95% and 105% of the total net assets of the share class in foreign currency. Changes in the market value of the portfolio, as well as subscriptions and redemptions of share classes in foreign currencies, can result in the hedging temporarily surpassing the aforementioned range. The Company and the Portfolio Manager will take all necessary steps to bring the hedging back within the aforementioned limits. The hedging described has no effect on possible currency risks resulting from investments denominated in a currency other than the sub-fund's currency of account.
"BRL hedged"	The Brazilian real (ISO 4217 currency code: BRL) may be subject to exchange control regulations and repatriation limits set by the Brazilian government. Prior to investing in BRL classes, investors should also bear in mind that the availability and tradability of BRL classes, and the conditions under which they may be available or traded, depend to a large extent on the political and regulatory developments in Brazil. The risk of fluctuations is hedged as described above under "hedged". Potential investors should be aware of the risks of reinvestment, which could arise if the BRL class has to be liquidated early due to political and/or regulatory circumstances. This does not apply to the risk associated with reinvestment due to liquidation of a share class and/or the sub-fund in accordance with the section "Liquidation of the Company and its sub-funds; merger of sub-funds".
"RMB hedged"	<p>Investors should note that the renminbi (ISO 4217 currency code: CNY), the official currency of the People's Republic of China (the "<b>PRC</b>"), is traded on two markets, namely as onshore RMB (CNY) in mainland China and offshore RMB (CNH) outside mainland China.</p> <p>Shares in classes with "RMB hedged" in their name are shares whose net asset value is calculated in offshore RMB (CNH).</p> <p>Onshore RMB (CNY) is not a freely convertible currency and is subject to foreign exchange control policies and repatriation restrictions imposed by the PRC government. Offshore RMB (CNH), on the other hand, may be traded freely against other currencies, particularly EUR, CHF and USD. This means the exchange rate between offshore RMB (CNH) and other currencies is determined on the basis of supply and demand relating to the respective currency pair.</p> <p>Convertibility between offshore RMB (CNH) and onshore RMB (CNY) is a regulated currency process subject to foreign exchange control policies and repatriation restrictions imposed by the PRC government in coordination with offshore supervisory and governmental agencies (e.g. the Hong Kong Monetary Authority).</p> <p>Prior to investing in RMB classes, investors should bear in mind that the requirements relating to regulatory reporting and fund accounting of offshore RMB (CNH) are not clearly regulated. Furthermore, investors should be aware that offshore RMB (CNH) and onshore RMB (CNY) have different exchange rates against other currencies. The value of offshore RMB (CNH) can potentially differ significantly from that of onshore RMB (CNY) due to a number of factors including, without limitation, foreign exchange control policies and repatriation restrictions imposed by the PRC government at certain times, as well as other external market forces. Any devaluation of offshore RMB (CNH) could adversely affect the value of investors' investments in the RMB classes. Investors should therefore take these factors into account when calculating the conversion of their investments and the ensuing returns from offshore RMB (CNH) into their target currency.</p> <p>Prior to investing in RMB classes, investors should also bear in mind that the availability and tradability of RMB classes, and the conditions under which they may be available or traded, depend to a large extent on the political and regulatory developments in the PRC. Thus, no guarantee can be given that offshore RMB (CNH) or the RMB classes will be offered and/or traded in future, nor can there be any guarantee as to the conditions under which offshore RMB (CNH) and/or RMB classes may be made available or traded. In particular, since the currency of account of the relevant sub-funds offering the RMB classes would be in a currency other than offshore RMB (CNH), the ability of the relevant sub-fund to make redemption payments in offshore RMB (CNH) would be subject to the sub-fund's ability to convert its currency of account into offshore RMB (CNH), which may be restricted by the availability of offshore RMB (CNH) or other circumstances beyond the control of the Company.</p> <p>The risk of fluctuations is hedged as described above under "hedged".</p>

	Potential investors should be aware of the risks of reinvestment, which could arise if the RMB class has to be liquidated early due to political and/or regulatory circumstances. This does not apply to the risk associated with reinvestment due to liquidation of a share class and/or the sub-fund in accordance with the section "Liquidation of the Company and its sub-funds; merger of sub-funds".
"acc"	The income of share classes with "-acc" in their name is not distributed unless the Company decides otherwise.
"dist"	The income of share classes with "-dist" in their name is distributed unless the Company decides otherwise.
"qdist"	Shares in classes with "-qdist" in their name may make quarterly distributions, gross of fees and expenses. Distributions may also be made out of the capital (this may include, inter alia, realised and unrealised net gains in net asset value) (" <b>capital</b> "). Distributions out of capital result in the reduction of an investor's original capital invested in the sub-fund. Furthermore, any distributions from the income and/or involving the capital result in an immediate reduction of the net asset value per share of the sub-fund. Investors in certain countries may be subject to higher tax rates on distributed capital than on any capital gains from the sale of fund units. Some investors may therefore prefer to subscribe to accumulating (-acc) rather than distributing (-dist, -qdist) share classes. Investors may be taxed at a later point in time on income and capital arising on accumulating (-acc) share classes compared with distributing (-dist) share classes. Investors should consult qualified experts for tax advice regarding their individual situation.
"mdist"	Shares in classes with "-mdist" in their name may make monthly distributions, gross of fees and expenses. Distributions may also be made out of capital. Distributions out of capital result in the reduction of an investor's original capital invested in the sub-fund. Furthermore, any distributions from the income and/or involving the capital result in an immediate reduction of the net asset value per share of the sub-fund. Investors in certain countries may be subject to higher tax rates on distributed capital than on any capital gains from the sale of fund units. Some investors may therefore prefer to invest in accumulating (-acc) rather than distributing (-dist, -mdist) share classes. Investors may be taxed at a later point in time on income and capital arising on accumulating (-acc) share classes compared with distributing (-dist) share classes. Investors should consult qualified experts for tax advice regarding their individual situation. The maximum entry costs for shares in classes with "-mdist" in their name are 6%.
"UKdist"	For share classes with "UKdist" in their name that are subject to the reporting fund rules, the Company intends to distribute a sum which corresponds to 100% of the reportable income within the meaning of <b>the UK reporting fund rules</b> . The Company does not intend to make taxable values for these share classes available in other countries, as they are intended for investors whose investment in the share class is liable to tax in the UK.
"2% ", "4% ", "6% ", "8% "	Shares in classes with "2%" / "4%" / "6%" / "8%" in their name may make monthly (-mdist), quarterly (-qdist) or annual (-dist) distributions at the respective aforementioned annual percentage rates, gross of fees and expenses. The distribution amount is calculated based on the net asset value of the respective share class at the end of the month (in the case of monthly distributions), financial quarter (in the case of quarterly distributions) or financial year (in the case of annual distributions). These share classes are suitable for investors who wish for more stable distributions, unrelated to past or expected returns or income of the relevant sub-fund. Distributions may thus also be made from the capital. Distributions out of capital result in the reduction of an investor's original capital invested in the sub-fund. Furthermore, any distributions from the income and/or involving the capital result in an immediate reduction of the net asset value per share of the sub-fund. Investors in certain countries may be subject to higher tax rates on distributed capital than on any capital gains from the sale of fund units. Some investors may therefore choose to invest in the accumulating (-acc) instead of the distributing (-dist, -qdist, -mdist) share classes. Investors may be taxed at a later point in time on income and capital arising on accumulating (-acc) share classes compared with distributing (-dist, -qdist, -mdist) share classes. Investors should consult qualified experts for tax advice regarding their individual situation.
"seeding"	Shares with "seeding" in their name are only offered for a limited period of time. At the end of this period, no further subscriptions are permitted unless the Company decides otherwise. However, shares can still be redeemed in accordance with the conditions for share redemptions. Unless otherwise decided by the Company, the smallest tradeable unit, the initial issue price and the minimum subscription amount shall correspond to the characteristics of the share classes listed above.

## **Investment objective and investment policy of the sub-funds**

### **Investment objective**

The Company aims to achieve high growth and/or current earnings, while giving due consideration to capital security and the liquidity of the Company's assets.

### General investment policy

The assets of the sub-funds are invested following the principle of risk diversification. The sub-funds invest their assets worldwide in equities, other share-like equity interests, such as cooperative shares, dividend-right certificates and participation certificates (other equity instruments and rights), short-term securities, money market instruments and warrants on securities, as well as debt instruments and claims. Debt instruments and claims include bonds, notes, all types of asset-backed securities, convertible bonds, convertible notes, warrant-linked bonds, as well as all legally permissible assets.

In addition, the sub-funds may invest in American depository receipts (ADRs), global depository receipts (GDRs) and structured products linked to equities, such as equity-linked notes.

The currency of account of the individual sub-funds refers only to the currency in which the net asset value of the respective sub-fund is calculated and not to its investment currency. Investments are made in the currencies that are most suitable for the performance of the sub-funds. The sub-funds may use all legally permitted instruments for currency management including currency derivatives (exchange traded and OTC).

As set out in Point 1.1(g) and Point 5 of the investment principles, the Company may, as a main element in achieving the investment policy for each sub-fund and within the statutory limits defined, use special techniques and financial instruments whose underlying assets are securities, money market instruments and other financial instruments.

The markets in derivatives are volatile; both the opportunity to achieve gains as well as the risk of suffering losses are higher than with investments in securities.

Each sub-fund may invest up to 20% of its net assets in ancillary liquid assets. The upper limit of 20% may only be temporarily exceeded for a period no longer than absolutely necessary if exceptionally unfavourable market conditions so require and if such a breach is justified taking the interests of investors into account. This restriction does not apply to liquid assets held to cover the risks of derivative financial instruments. Bank deposits, money market instruments or money market funds that meet the criteria of Article 41(1) of the Law of 2010 do not qualify as ancillary liquid assets within the meaning of Article 41(2) of the Law of 2010. Ancillary liquid assets should be limited to sight bank deposits, such as cash held in current accounts at a bank with instant access to cover current or exceptional payments, or for the period required for reinvestment in eligible assets pursuant to Article 41(1) of the Law of 2010, or for a period no longer than absolutely necessary in the event of unfavourable market conditions. A sub-fund may not invest more than 20% of its net asset value in sight deposits with a single institution. The investments of the sub-funds should also be broadly diversified in terms of markets, sectors, issuers, ratings and companies. Unless stipulated otherwise by the investment policy of the sub-fund concerned, sub-funds may invest up to 10% of their net assets in existing undertakings for collective investment in transferable securities (UCITS) and undertakings for collective investment (UCI).

### ESG Integration

UBS Asset Management categorises certain sub-funds as **ESG Integration funds**. The Portfolio Manager aims to achieve investors' financial objectives while incorporating sustainability into the investment process. The Portfolio Manager defines sustainability as the ability to leverage the Environmental, Social and Governance (ESG) factors of business practices seeking to generate opportunities and mitigate risks that contribute to the long-term performance of issuers ("Sustainability"). The Portfolio Manager believes that consideration of these factors will deliver better informed investment decisions. **Unlike funds which promote ESG characteristics or with a specific sustainability or impact objective that may have a focused investment universe, ESG Integrated Funds are investment funds that primarily aim at maximising financial performance, whereby ESG aspects are input factors within the investment process.** Investment universe restrictions applied on all actively managed funds are captured in the Sustainability Exclusion Policy. Further binding factors, if applicable, are outlined in the Investment Policy of the Sub-Fund.

ESG integration is driven by taking into account material ESG risks as part of the research process. For corporate issuers, this process utilises the ESG Material Issues framework which identifies the financially relevant factors per sector that can impact investment decisions. This orientation toward financial materiality ensures that analysts focus on sustainability factors that can impact the financial performance of the company and therefore investment returns. ESG integration can also identify opportunities for engagement to improve the company's ESG risk profile and thereby mitigate the potential negative impact of ESG issues on the company's financial performance. The Portfolio Manager employs a proprietary ESG Risk Dashboard that combines multiple ESG data sources in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process. For non-corporate issuers, the Portfolio Manager may apply a qualitative or quantitative ESG risk assessment that integrates data on the most material ESG factors. The analysis of material sustainability/ESG considerations can include many different aspects, such as the following among others: the carbon footprint, health and well-being, human rights, supply chain management, fair customer treatment and governance.

The Portfolio Manager takes ESG integration into account in allocation in underlying strategies, including target funds. In the case of underlying strategies managed by UBS, the Portfolio Manager identifies ESG-integrated assets on the basis of the aforementioned research on ESG integration. For externally managed strategies, ESG integrated assets are identified via the third party manager research process.

### Sustainability Exclusion Policy

The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the sub-funds.

<https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability.htm>

### **Sustainability Annual Reporting**

The “UBS Sustainability Report” is the medium for UBS’ sustainability disclosures. Published annually, the report aims to openly and transparently disclose UBS’ sustainability approach and activities, consistently applying UBS’ information policy and disclosure principles.

<https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability.htm>

### **Sustainability Focus/Impact Funds**

UBS Asset Management categorises certain sub-funds as Sustainability Focus/Impact funds. Sustainability Focus/Impact funds promote ESG characteristics or have a specific sustainability objective which is defined in the investment policy.

## **The sub-funds and their special investment policies**

### **UBS (Lux) Key Selection SICAV – Asian Equities (USD)**

In line with the above-mentioned investment policy, the sub-fund invests at least two thirds of its assets in equities and equity rights of companies which are domiciled or chiefly active in Asia (excluding Japan). This sub-fund promotes environmental and/or social characteristics and complies with Article 8 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (“SFDR”). Further information related to environmental and/or social characteristics is available in Annex I to this document (SFDR RTS Art. 14(2)).

The UBS ESG consensus score is used to identify issuers/companies for the investment universe with strong environmental and social performance characteristics, or a strong sustainability profile. This UBS ESG consensus score is a normalized weighted average of ESG score data from internal and recognized external providers. Rather than relying on an ESG score from a single provider, the consensus score approach increases conviction in the validity of the sustainability profile.

The UBS ESG consensus score assesses sustainability factors, such as the performance of the relevant issuers/companies with reference to environmental, social and governance (ESG) aspects. These ESG aspects relate to the main areas in which the issuers/companies operate and their effectiveness in managing ESG risks. Environmental and social factors can include (amongst other) the following: environmental footprint and operational efficiency, environmental risk management, climate change, natural resource usage, pollution and waste management, employment standards and supply chain monitoring, human capital, diversity within the board of directors, occupational health and safety, product safety, as well as anti-fraud and anti-corruption guidelines.

The sub-fund incorporates the following ESG promotion characteristics:

- A lower Weighted Average Carbon Intensity (WACI) than the reference benchmark or a low absolute carbon profile.
- A sustainability profile that is higher than its benchmark’s sustainability profile or a minimum of 51% of assets invested in companies with a sustainability profile in the top half of the benchmark.

The calculations do not take account of cash, derivatives and unrated investment instruments.

The sub-fund uses the benchmark MSCI AC Asia (ex Japan) (net div. reinvested) to measure performance and the ESG profile, as well as for ESG and investment risk management and portfolio construction purposes. The benchmark is not designed to promote ESG characteristics. The Portfolio Manager may use discretion when constructing the portfolio and is not tied to the benchmark in terms of investment selection or weight. This means that the investment performance of the sub-fund may differ from the benchmark. For share classes with “hedged” in their name, currency-hedged versions of the benchmark may be used if available.

Furthermore, the sub-fund may buy or sell futures, swaps, non-deliverable forwards and currency options in order to:

- wholly or partially hedge investments that make up the sub-fund’s assets against the currency risk associated with the sub-fund’s reference currency. This can be achieved directly (hedging a currency against the reference currency) or indirectly (hedging a currency against a third currency, which is then hedged against the reference currency).
- Build up currency positions against the currency of account, other freely convertible currencies or other currencies included in the benchmark. Non-deliverable forwards enable currency positions to be built up and hedged against exchange rate risks without the need to physically transfer these currencies or conduct transactions on a local market. This makes it possible to avoid the local counterparty risk as well as the costs of holding local currencies arising from any currency export restrictions. Moreover, there are generally no local exchange controls on NDFs in US dollars between two offshore contractual partners.

With respect to the sub-fund's investments the Portfolio Manager includes ESG analysis by means of the UBS ESG Consensus Score (by number of issuer) for at least (i) 90% of the securities issued by large capitalisation companies domiciled in "developed" countries and (ii) 75% of the securities issued by large capitalisation companies domiciled in "emerging" countries (by reference to the benchmark) and at least 75% for all other companies.

Investors should note that the sub-fund's exposure may also include Chinese A shares traded via Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. Chinese A shares are renminbi-denominated A shares of companies domiciled in mainland China; these are traded on Chinese stock exchanges such as the Shanghai Stock Exchange and the Shenzhen Stock Exchange. **This sub-fund may invest in both developed and emerging markets. The risks associated therewith are listed in the section entitled "General risk information". In addition to the aforementioned, investors should read, be aware of and take into account the risks associated with investments traded via Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. Information on this topic can also be found in the section entitled "General risk information". For these reasons, this sub-fund is particularly suitable for risk-conscious investors.**

**Currency of account:** USD

**Fees**

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	2.040% (1.630%)	2.090% (1.670%)
Share classes with "K-1" in their name	1.300% (1.040%)	1.330% (1.060%)
Share classes with "K-B" in their name	0.140% (0.000%)	0.140% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.800% (0.640%)	0.830% (0.660%)
Share classes with "Q" in their name	1.080% (0.860%)	1.130% (0.900%)
Share classes with "QL" in their name	1.080% (0.860%)	1.130% (0.900%)
Share classes with "I-A1" in their name	0.900% (0.720%)	0.930% (0.740%)
Share classes with "I-A2" in their name	0.850% (0.680%)	0.880% (0.700%)
Share classes with "I-A3" in their name	0.800% (0.640%)	0.830% (0.660%)
Share classes with "I-A4" in their name	0.800% (0.640%)	0.830% (0.660%)
Share classes with "I-B" in their name	0.140% (0.000%)	0.140% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

**UBS (Lux) Key Selection SICAV – Asian Global Strategy Balanced (USD)**

UBS Asset Management categorises this sub-fund as an ESG integration fund which does not promote particular ESG characteristics or pursues a specific sustainability or impact objective.

The aim of the investment policy is to combine investment income and capital growth within the framework of a globally oriented portfolio with an enhanced focus on Asia.

This sub-fund is actively managed, without reference to a benchmark. In order to achieve this aim, the sub-fund invests primarily in traditional asset classes such as equities and bonds. Within the legally permissible bounds, the sub-fund may also invest in non-traditional asset classes such as real estate and commodities. In principle, the sub-fund may temporarily invest up to 20% of its net assets in ancillary liquid assets. The upper limit of 20% may only be temporarily exceeded for a period no longer than absolutely necessary if exceptionally unfavourable market conditions so require and if such a breach is justified taking the interests of investors into account. In addition, the sub-fund may invest in near-money market instruments.

In order to fulfil its investment objective and achieve broad diversification, the sub-fund may invest its total assets in UCITS. Investments in UCIs other than UCITS may not exceed 30% of the sub-fund's net assets. This method of investment and the associated expenses are described in the section "Investments in UCIs and UCITS". In order to fulfil its investment objective, the

sub-fund may also invest in all other legally permissible instruments, including structured products, certificates and derivative financial instruments, which can be used for hedging purposes and/or for participating in the expected market developments.

This also applies to any portions of the fund assets that participate in the performance of commodities indices or commodities sub-indices. In doing so, it is ensured at all times that there will be no physical delivery to the sub-fund. The Portfolio Manager achieves such participation by, for example, entering into swap transactions on the indices/sub-indices. In this way, the sub-fund is party to the swap transaction and receives the performance of the total return (TR) commodities index, minus the cash rate used in the index. Typically, the notional value of the swap can be adjusted on a daily basis (e.g. as is the case with inflows from share subscriptions, outflows from share redemptions or when adjusting the investment strategy). The counterparty risk resulting from a swap is the open profit or loss (not the notional value of the swap agreement). In order to minimise this risk and keep it below the legally permissible threshold at all times, open profits or losses are typically settled on a monthly basis and any time the statutory threshold for counterparty risk is reached (by means of a reset). The sub-fund may invest in UCIs and UCITS with an investment focus on commodities, including ETFs, provided that these invest exclusively in commodities indices and commodities sub-indices. Where the sub-fund participates in the performance of real estate, it shall do so primarily by investing in units issued by real estate investment trusts (REITs), or UCITS or other UCIs that invest directly or indirectly in real estate.

The sub-fund invests a significant portion of its assets in investments in emerging markets. This means that the sub-fund is exposed to specific risks that may be greater than those normally inherent in internationally oriented investments. An overview of the general risks with investments focusing on emerging markets is given in the section "Investing in emerging markets".

As the sub-fund invests in many foreign currencies, the portfolio or parts thereof may be hedged against the currency of account of the sub-fund in order to reduce the associated foreign currency risks. The sub-fund may also take net short or net long positions in individual currencies with the view of benefiting from market developments.

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities (Art. 7 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 ("Taxonomy Regulation")).

This sub-fund complies with Article 6 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR"). As such it does not consider principal adverse impacts on sustainability factors due to its investment strategy and the nature of the underlying investments (Art. 7(2) SFDR).

#### Currency of account: USD

#### Fees

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	1.880% (1.500%)	1.930% (1.540%)
Share classes with "K-1" in their name	1.300% (1.040%)	1.330% (1.060%)
Share classes with "K-B" in their name	0.145% (0.000%)	0.145% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.990% (0.800%)	1.020% (0.820%)
Share classes with "Q" in their name	1.100% (0.880%)	1.150% (0.920%)
Share classes with "QL" in their name	1.100% (0.880%)	1.150% (0.920%)
Share classes with "I-A1" in their name	1.100% (0.880%)	1.130% (0.900%)
Share classes with "I-A2" in their name	1.050% (0.840%)	1.080% (0.860%)
Share classes with "I-A3" in their name	0.990% (0.800%)	1.020% (0.820%)
Share classes with "I-A4" in their name	0.990% (0.800%)	1.020% (0.820%)
Share classes with "I-B" in their name	0.145% (0.000%)	0.145% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

## **UBS (Lux) Key Selection SICAV – China Allocation Opportunity (USD)**

UBS Asset Management categorises this sub-fund as an ESG integration fund which does not promote particular ESG characteristics or pursues a specific sustainability or impact objective.

The objective of this sub-fund is to achieve capital growth and generate income by investing in a diversified portfolio with a focus on China. This sub-fund is actively managed, without reference to a benchmark.

To achieve this objective, the sub-fund invests mainly in equities and equity rights or bonds and claims of companies domiciled or chiefly active in China, in addition to other permissible investments which focus on China. To the extent permitted by law, the sub-fund may also invest in securities traded on the Chinese onshore securities market. This includes Chinese A shares ("**A shares**"), as well as fixed-income instruments denominated in RMB traded on China's interbank bond market ("**CIBM**") or on the market for exchange-traded bonds ("**Chinese onshore bonds**"). In particular, the sub-fund may invest directly or indirectly in Chinese A shares/Chinese onshore bonds through the Qualified Foreign Investors ("**QFI**") programme, in UCITS or other UCIs with exposure to Chinese A shares/Chinese onshore bonds and/or access products such as ETFs. Investors should note that the sub-fund's exposure may also include Chinese A shares traded via Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. A shares are renminbi-denominated A shares of companies domiciled in mainland China; these are traded on Chinese stock exchanges such as the Shanghai Stock Exchange and the Shenzhen Stock Exchange.

The sub-fund may invest no more than 20% of its net assets in fixed-income instruments denominated in RMB and traded on the CIBM. These instruments may include securities issued by governments, quasi-public corporations, banks, corporations and other institutions in the People's Republic of China ("**PRC**" or "**China**") that are authorised to be traded directly on the CIBM.

The sub-fund may invest in bonds and claims with a low rating, i.e. a rating of BBB (Standard & Poor's) or lower, a comparably low rating from another recognised rating agency or – insofar as a new issue is concerned that does not yet have an official rating or an issue that has no rating at all – a comparably low internal UBS rating. Investments with lower ratings may carry an above-average yield, but also a higher credit risk than investments in securities of first-class borrowers.

The sub-fund may make investments denominated in USD and other currencies (including HKD and RMB).

In order to fulfil its investment objective and achieve broad diversification, the sub-fund may invest up to 10% of its net assets in UCITS and other UCIs within the meaning of point 1.1(e) of the section entitled "Investment principles". This method of investment and the associated expenses are described in the section "Investments in UCIs and UCITS".

In order to fulfil its investment objective, the sub-fund may also invest in all other legally permissible instruments, including structured products, certificates and derivative financial instruments, which can be used for hedging purposes and/or for participating in the expected market developments. In order to fulfil the investment objectives and ensure efficient portfolio management, the Portfolio Manager of the sub-fund may, for example, build up significant investment exposure as defined in the investment policy by investing in exchange-traded and OTC derivative instruments.

Due to the political situation and economic and regulatory developments in China, investments with a focus on China may be affected by legal uncertainties or other accompanying factors. The sub-fund is exposed to specific risks that may be greater than those normally associated with investments with an international focus; as a result, the sub-fund is suitable for risk-conscious investors. A detailed description of the risks connected with investment in this sub-fund is given in the section "General risk information" under the following headings: "**Investing in emerging markets**" and "**Specific risks when investing in the People's Republic of China ('PRC')**". This sub-fund is only suitable for investors who are willing to accept these risks.

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities (Art. 7 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 ("Taxonomy Regulation")).

This sub-fund complies with Article 6 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR"). As such it does not consider principal adverse impacts on sustainability factors due to its investment strategy and the nature of the underlying investments (Art. 7(2) SFDR).

**Currency of account:** USD

### **Fees**

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	1.800% (1.440%)	1.850% (1.480%)
Share classes with "K-1" in their name	1.300% (1.040%)	1.330% (1.060%)
Share classes with "K-B" in their name	0.145% (0.000%)	0.145% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.800% (0.640%)	0.830% (0.660%)
Share classes with "Q" in their name	1.100% (0.880%)	1.150% (0.920%)

Share classes with "QL" in their name	1.100% (0.880%)	1.150% (0.920%)
Share classes with "I-A1" in their name	1.000% (0.800%)	1.030% (0.820%)
Share classes with "I-A2" in their name	0.900% (0.720%)	0.930% (0.740%)
Share classes with "I-A3" in their name	0.800% (0.640%)	0.830% (0.660%)
Share classes with "I-A4" in their name	0.800% (0.640%)	0.830% (0.660%)
Share classes with "I-B" in their name	0.145% (0.000%)	0.145% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

### **UBS (Lux) Key Selection SICAV – China Equity Unconstrained (USD)**

UBS Asset Management categorises this sub-fund as an ESG integration fund which does not promote particular ESG characteristics or pursues a specific sustainability or impact objective. The sub-fund pursues a long/short equities strategy. Its exposure to shares and other equity interests is primarily in the form of companies domiciled in the People's Republic of China ("PRC") as well as in other companies that have close economic links with the PRC. These investments contain securities listed within the PRC (onshore) or outside of the PRC (offshore).

The sub-fund generally seeks to combine long and short positions to maintain net equity exposure of between 50% and 100% of its total net assets. This net equity exposure may range between 0% and 100% of the total net assets. Gross exposure in the form of long positions may not exceed 175% of the total net assets, and gross exposure in the form of short positions may not exceed 75% of the total net assets. In accordance with Section 5 entitled "Special techniques and instruments with securities and money market instruments as underlying assets", the sub-fund uses exchange-traded derivative instruments such as equity options or futures, or OTC derivatives such as equity rights (swaps), to build long and short equity positions. Potential losses incurred from taking a short position on an asset may be unlimited, since the price of the asset may rise without limitation. Sharp, rapid rises in the price of these assets may lead to substantial losses. The sub-fund does not engage in the physical short-selling of equities.

This sub-fund is actively managed, without reference to a benchmark.

Investors should note that the sub-fund's exposure may also include Chinese A shares. Chinese A shares are renminbi-denominated A shares of companies domiciled in mainland China; these are traded on Chinese stock exchanges such as the Shanghai Stock Exchange and the Shenzhen Stock Exchange. The sub-fund may invest in Chinese A shares via Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

The use of derivatives is a core element in achieving the investment objectives. The intention is to use the derivatives for participating in the expected market developments and/or for hedging purposes. The associated risks are described in the section "Risks connected with the use of derivatives". The sub-fund may not at any time conduct physical short-selling in investment securities. The sub-fund may invest up to 100% of its assets in liquid assets or near-money market instruments.

As the sub-fund invests in many foreign currencies due to its regional orientation, the portfolio or parts thereof may be hedged against the reference currency of the sub-fund in order to reduce the associated foreign currency risks.

This sub-fund may invest in both developed and emerging markets. The risks associated therewith are listed in the section entitled "General risk information". In addition to the aforementioned, investors should read, be aware of and take into account the risks associated with investments traded via Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. Information on this topic can be found after the section "General risk information". For the reasons mentioned, this sub-fund is particularly suitable for risk-conscious investors.

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities (Art. 7 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 ("Taxonomy Regulation").

This sub-fund complies with Article 6 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR"). As such it does not consider principal adverse impacts on sustainability factors due to its investment strategy and the nature of the underlying investments (Art. 7(2) SFDR).

**Currency of account:** USD

### **Fees**

Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
---	--



Share classes with "P" in their name	2.600% (2.080%)	2.650% (2.120%)
Share classes with "K-1" in their name	1.800% (1.440%)	1.830% (1.460%)
Share classes with "K-B" in their name	0.140% (0.000%)	0.140% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	1.300% (1.040%)	1.330% (1.060%)
Share classes with "Q" in their name	1.600% (1.280%)	1.650% (1.320%)
Share classes with "QL" in their name	1.600% (1.280%)	1.650% (1.320%)
Share classes with "I-A1" in their name	1.400% (1.120%)	1.430% (1.140%)
Share classes with "I-A2" in their name	1.350% (1.080%)	1.380% (1.100%)
Share classes with "I-A3" in their name	1.300% (1.040%)	1.330% (1.060%)
Share classes with "I-A4" in their name	1.300% (1.040%)	1.330% (1.060%)
Share classes with "I-B" in their name	0.140% (0.000%)	0.140% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

#### **UBS (Lux) Key Selection SICAV – Credit Income Opportunities (USD)**

UBS Asset Management categorises this sub-fund as an ESG integration fund which does not promote particular ESG characteristics or pursues a specific sustainability or impact objective. The investment objective of this actively managed sub-fund is to achieve income generation and capital growth from a broadly diversified and global portfolio of fixed-income securities. This sub-fund is managed without reference to a benchmark. Consequently, it is anticipated that the exposure to worldwide bond and currency markets may change over time at the discretion of the Portfolio Manager.

In order to fulfil its investment objective and achieve broad diversification, the sub-fund may invest its total assets in UCITS. Investments in UCIs other than UCITS may not exceed 30% of the sub-fund's net assets. The methodology and the associated fees and expenses are described in more detail in the section "Investments in UCIs and UCITS".

To achieve its investment objective, the sub-fund may invest in all other legally permissible instruments such as fixed-income securities and derivatives.

The sub-fund can invest in various fixed-income securities such as government, corporate and emerging market bonds as well as ABS/MBS and CDOs/CLOs, or a combination thereof. The sub-fund may invest a total of up to 20% of its net assets in ABS, MBS and CDOs/CLOs. **The associated risks are described in the section "Risks connected with the use of ABS/MBS" or "Risks connected with the use of CDOs/CLOs".**

The sub-fund has the flexibility to operate dynamically across various sectors and different credit qualities, as well as to actively exploit interest-rate and currency movements. Investments with lower credit qualities may generate an above-average return, but also carry a higher credit risk than investments in securities of first-class issuers.

The sub-fund is not subject to any restrictions regarding the ratings of the fixed-income securities in which it invests directly or indirectly. **Although investing in distressed securities is not a key component of the investment strategy, the sub-fund may invest in such securities (bonds that have a rating of CC from Standard & Poor's, a similar rating from another recognised agency or, in the case of a new issue that does not yet have an official rating, a comparable internal UBS rating). The exposure limit to such securities is 5%. Distressed bonds are securities issued by companies or public institutions in serious financial difficulty, and thus bear a high risk of capital loss.**

Up to 25% of its assets may be invested in convertible, exchangeable and warrant-linked bonds as well as convertible debentures. In addition, after deducting cash and cash equivalents, the sub-fund may invest up to 10% of its assets in equities, equity rights and warrants as well as shares, other equity shares and dividend-right certificates acquired through the exercise of conversion rights, subscription rights or options, in addition to warrants remaining after the separate sale of ex-warrant bonds and any equities acquired with these warrants. The equities acquired by exercise of rights or through subscription must be sold no later than 12 months after they were acquired. The sub-fund may also invest up to 10% of its net assets in contingent convertible bonds (CoCos). The associated risks are described in the section "Risks associated with the use of CoCos".

Investments are made in the currencies deemed to be most favourable for performance and are actively managed versus the currency of account. The global orientation of the sub-fund means that it invests in many currencies and the resulting currency risk may be partially or fully hedged in order to reduce risk.

**The sub-fund may also invest in securities focusing on emerging markets. This means that the sub-fund is exposed to specific risks that may be greater than the normal risks inherent in investments in industrialised nations. The risks associated with investments in emerging markets are listed in the section entitled “Risk information”.**

The sub-fund may invest no more than 50% of its net assets in fixed-income instruments denominated in RMB and traded on the China Interbank Bond Market (“CIBM”) or through Bond Connect. These instruments may include securities issued by governments, quasi-public corporations, banks, corporations and other institutions in the People’s Republic of China (“PRC” or “China”) that are authorised to be traded directly on the CIBM or through Bond Connect. **The associated risks are described in greater detail in the section “Specific risks of investing in the People’s Republic of China”.**

In extraordinary circumstances, the sub-fund may hold up to 100% of its assets in cash or other near-money market securities such as bank deposits, commercial paper and treasury bills for cash flow management, money market instruments and money market funds.

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities (Art. 7 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (“Taxonomy Regulation”). This sub-fund complies with Article 6 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (“SFDR”). As such it does not consider principal adverse impacts on sustainability factors due to its investment strategy and the nature of the underlying investments (Art. 7(2) SFDR).

**Currency of account:** USD

**Fees**

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with “hedged” in their name
Share classes with “P” in their name	1.310% (1.050%)	1.360% (1.090%)
Share classes with “K-1” in their name	0.890% (0.710%)	0.920% (0.740%)
Share classes with “K-B” in their name	0.150% (0.000%)	0.150% (0.000%)
Share classes with “K-X” in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with “F” in their name	0.690% (0.550%)	0.720% (0.580%)
Share classes with “Q” in their name	0.780% (0.620%)	0.830% (0.660%)
Share classes with “QL” in their name	0.780% (0.620%)	0.830% (0.660%)
Share classes with “I-A1” in their name	0.760% (0.610%)	0.790% (0.630%)
Share classes with “I-A2” in their name	0.730% (0.580%)	0.760% (0.610%)
Share classes with “I-A3” in their name	0.690% (0.550%)	0.720% (0.580%)
Share classes with “I-A4” in their name	0.690% (0.550%)	0.720% (0.580%)
Share classes with “I-B” in their name	0.150% (0.000%)	0.150% (0.000%)
Share classes with “I-X” in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with “U-X” in their name	0.000% (0.000%)	0.000% (0.000%)

**UBS (Lux) Key Selection SICAV – Digital Transformation Dynamic (USD)**

This sub-fund chiefly invests its assets in equities and other equity interests of companies in developed and emerging markets worldwide. The sub-fund focuses on digital aspects which the portfolio manager views as attractive from an investment perspective. These aspects can comprise any sectors, countries and company capitalisations. Potential digital aspects include e-commerce, security and protection, digital data, enabling technologies, finance technologies (fintech) and health technologies.

In order to fulfil its investment objective and achieve broad diversification, the sub-fund may invest up to 40% of its net assets in UCITS as defined in section 1.1(e) of the Investment Principles. The methodology and the associated fees and expenses are described in more detail in the section "Investments in UCIs and UCITS".

The sub-fund may also invest up to 40% in bonds (mainly investment grade government and corporate bonds) and up to 40% in liquid assets or money market instruments. The allocation between equities and bonds/money market instruments is based on a systematic model, the aim of which is to identify market trends, align asset allocation to these trends and thereby reduce exposure to equities during significant downturns in the equity markets. The process takes into account various short and long-term indicators of company profits, market risks and equity market momentum. For this reason, the net equity exposure can vary greatly, up to a maximum of 130%. In phases where the sub-fund has a high equity exposure, the sub-fund may have short bond exposure of up to 25%. To build such short positions, the sub-fund uses exchange-traded derivative instruments such as bond futures in accordance with Section 5 entitled "Special techniques and instruments with securities and money market instruments as underlying assets". Potential losses incurred from taking a short position on an asset may be unlimited, since the price of the asset may rise without limitation. Sharp, rapid rises in the price of these assets may lead to substantial losses. The sub-fund does not engage in physical short-selling. In phases when the model identifies the equity market trend as negative, net equity exposure may be reduced to 60%. If this happens, the investment in bonds and money market instruments and/or cash is proportionately higher.

The sub-fund may invest on an ancillary basis in real estate investment trusts ("REITs"). Investments in REITs are permissible, if these fulfil the criteria of (i) a UCITS or other UCI or (ii) a transferable security. A closed-ended REIT whose units are listed on a regulated market meets the criteria of a security listed on a regulated market and therefore constitutes a permissible investment for the sub-fund under Luxembourg law.

The actively managed sub-fund uses the benchmark MSCI AC World (net div. reinvested) for risk management purposes. The Portfolio Manager is not tied to the benchmark in terms of securities selection or weightings. The sub-fund may deviate from the benchmark in terms of allocation and performance.

As the sub-fund invests in many foreign currencies due to its global orientation, the portfolio or parts thereof may be hedged against the reference currency of the sub-fund in order to reduce the associated foreign currency risks.

Investors should note that the sub-fund's exposure may also include Chinese A shares traded via Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. Chinese A shares are renminbi-denominated A shares of companies domiciled in mainland China; these are traded on Chinese stock exchanges such as the Shanghai Stock Exchange and the Shenzhen Stock Exchange. This sub-fund may invest in both developed and emerging markets. The risks associated therewith are listed in the section entitled "**General risk information**". In addition to the aforementioned, investors should read, be aware of and take into account the risks associated with investments traded via Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. Information on this topic can be found after the section "**General risk information**". For the reasons mentioned, this sub-fund is particularly suitable for risk-conscious investors.

The sub-fund does not promote any environmental, social or governance (ESG) characteristics and does not pursue any sustainability or impact objective. Sustainability risks are not systematically integrated on the basis of the investment strategy and the type of underlying investments. The sub-fund can invest in underlying ESG-integrated strategies. However, allocation to such investments does not allow this sub-fund to be classified by UBS Asset Management as an ESG-integrated fund. At present, sustainability risks are not expected to have a significant impact on the sub-fund's return.

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities (Art. 7 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 ("Taxonomy Regulation")). This sub-fund complies with Article 6 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR"). As such it does not consider principal adverse impacts on sustainability factors due to its investment strategy and the nature of the underlying investments (Art. 7(2) SFDR).

**Currency of account:** USD

**Fees**

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	1.740% (1.390%)	1.790% (1.430%)
Share classes with "K-1" in their name	1.000% (0.800%)	1.030% (0.820%)
Share classes with "K-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.820% (0.660%)	0.850% (0.680%)

Share classes with "Q" in their name	0.940% (0.750%)	0.990% (0.790%)
Share classes with "QL" in their name	0.940% (0.750%)	0.990% (0.790%)
Share classes with "I-A1" in their name	0.900% (0.720%)	0.930% (0.740%)
Share classes with "I-A2" in their name	0.850% (0.680%)	0.880% (0.700%)
Share classes with "I-A3" in their name	0.820% (0.660%)	0.850% (0.680%)
Share classes with "I-A4" in their name	0.820% (0.660%)	0.850% (0.680%)
Share classes with "I-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

### **UBS (Lux) Key Selection SICAV – Digital Transformation Themes (USD)**

The sub-fund chiefly invests its assets in equities and other equity interests of companies in developed and emerging markets worldwide. The sub-fund focuses on digital aspects which the portfolio manager views as attractive from an investment perspective. These aspects can comprise any sectors, countries and company capitalisations. Potential digital aspects include e-commerce, security and protection, digital data, enabling technologies, finance technologies (fintech) and health technologies. This sub-fund promotes environmental and/or social characteristics and complies with Article 8 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR"). Further information related to environmental and/or social characteristics is available in Annex I to this document (SFDR RTS Art. 14(2)).

The UBS ESG consensus score is used to identify issuers/companies for the investment universe with strong environmental and social performance characteristics, or a strong sustainability profile. This UBS ESG consensus score is a normalized weighted average of ESG score data from internal and recognized external providers. Rather than relying on an ESG score from a single provider, the consensus score approach increases conviction in the validity of the sustainability profile.

The UBS ESG consensus score assesses sustainability factors, such as the performance of the relevant issuers/companies with reference to environmental, social and governance (ESG) aspects. These ESG aspects relate to the main areas in which the issuers/companies operate and their effectiveness in managing ESG risks. Environmental and social factors can include (amongst other) the following: environmental footprint and operational efficiency, environmental risk management, climate change, natural resource usage, pollution and waste management, employment standards and supply chain monitoring, human capital, diversity within the board of directors, occupational health and safety, product safety, as well as anti-fraud and anti-corruption guidelines.

The sub-fund incorporates the following ESG promotion characteristics:

- A lower Weighted Average Carbon Intensity (WACI) than the reference benchmark or a low absolute carbon profile.
- A sustainability profile that is higher than its benchmark's sustainability profile or a minimum of 51% of assets invested in companies with a sustainability profile in the top half of the benchmark.

The calculations do not take account of cash, derivatives and unrated investment instruments.

The sub-fund may invest on an ancillary basis in real estate investment trusts ("REITs"). Investments in REITs are permissible, if these fulfil the criteria of (i) a UCITS or other UCI or (ii) a transferable security. A closed-ended REIT whose units are listed on a regulated market meets the criteria of a security listed on a regulated market and therefore constitutes a permissible investment for the sub-fund under Luxembourg law.

As the sub-fund invests in many foreign currencies due to its global orientation, the portfolio or parts thereof may be hedged against the reference currency of the sub-fund in order to reduce the associated foreign currency risks.

The sub-fund uses the benchmark MSCI AC World (net div reinvested) to measure performance and the ESG profile, as well as for ESG and investment risk management and portfolio construction purposes. The benchmark is not designed to promote ESG characteristics. The Portfolio Manager may use discretion when constructing the portfolio and is not tied to the benchmark in terms of investment selection or weight. This means that the investment performance of the sub-fund may differ from the benchmark.

With respect to the sub-fund's investments the Portfolio Manager includes ESG analysis by means of the UBS ESG Consensus Score (by number of issuer) for at least (i) 90% of the securities issued by large capitalisation companies domiciled in "developed" countries and (ii) 75% of the securities issued by large capitalisation companies domiciled in "emerging" countries (by reference to the benchmark) and at least 75% for all other companies.

Investors should note that the sub-fund's exposure may also include Chinese A shares traded via Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. Chinese A shares are renminbi-denominated A shares of companies domiciled in mainland China; these are traded on Chinese stock exchanges such as the Shanghai Stock Exchange and the Shenzhen Stock Exchange. This sub-fund may invest in both developed and emerging markets. The risks associated therewith are listed in the section entitled "**General risk information**". In addition to the aforementioned, investors should read, be aware of and take into account the risks associated with investments traded via Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. Information on this topic can be found after the section "**General risk information**". For the reasons mentioned, this sub-fund is particularly suitable for risk-conscious investors.

**Currency of account:** USD

**Fees**

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	1.710% (1.370%)	1.760% (1.410%)
Share classes with "K-1" in their name	0.970% (0.780%)	1.000% (0.800%)
Share classes with "K-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.650% (0.520%)	0.680% (0.540%)
Share classes with "Q" in their name	0.910% (0.730%)	0.960% (0.770%)
Share classes with "QL" in their name	0.910% (0.730%)	0.960% (0.770%)
Share classes with "I-A1" in their name	0.880% (0.700%)	0.910% (0.730%)
Share classes with "I-A2" in their name	0.830% (0.660%)	0.860% (0.690%)
Share classes with "I-A3" in their name	0.800% (0.640%)	0.830% (0.660%)
Share classes with "I-A4" in their name	0.800% (0.640%)	0.830% (0.660%)
Share classes with "I-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

**UBS (Lux) Key Selection SICAV – Dynamic Alpha (USD)**

The sub-fund invests in line with the above-mentioned general investment policy in order to participate in the growth potential of the global financial markets on a broadly diversified and dynamically managed basis. The actively managed sub-fund uses the benchmark FTSE USD 3 month Eurodeposit +4.5% as reference for performance evaluation purposes. When a currency-hedged share class is being launched and the benchmark is available in the currency of the currency-hedged share class, this will be indicated/launched accordingly. For example, a (EUR-hedged) share class will be compared with the benchmark FTSE EUR 3 month Eurodeposit + 4.5%. The investments and performance of the sub-fund may differ from the benchmark. The performance of the sub-fund may therefore differ considerably from the benchmark during periods of high market volatility.

Investments in commodities may only be made by the sub-fund, up to 25% of its net assets, indirectly by means of exchange-traded or OTC derivatives (e.g. contracts for difference, total return swaps and options on commodities indices), structured products (exchange traded commodities – ETCs) or through UCIs and UCITS (including ETFs), in accordance with the legal provisions. In doing so, it is ensured at all times that there will be no physical delivery of commodities to the sub-fund. For total return swaps, the sub-fund is party to a swap transaction based on the performance of the total return (TR) commodities index, minus the cash rate used in the index. Typically, the notional value of the swap can be adjusted on a daily basis (e.g. as is the case with inflows from share subscriptions, outflows from share redemptions or when adjusting the investment strategy). The counterparty risk resulting from a swap is the open profit (not the notional value of the swap agreement). In order to minimise this risk and keep it below the legally permissible threshold at all times, open profits are typically settled on a monthly basis and any time the statutory threshold for counterparty risk is reached (by means of a reset). Portfolios with investments in commodities are generally more volatile than pure equity portfolios. Investors should therefore note that the sub-fund is only suitable for investors who are prepared to accept moderate to high levels of volatility.

The sub-fund may invest up to 10% of its net assets in UCIs and UCITS, provided the investment policy of these target funds corresponds to the greatest possible degree to that of the sub-fund.

Up to 20% of the net assets may be invested in bonds with a rating from BB+ to C (Standard & Poor's), a similar rating from another recognised agency or – insofar as a new issue is concerned that does not yet have an official rating – a comparable internal UBS rating. Such **investments may carry an above-average yield, but also a higher credit risk than investments in securities of first-class issuers.**

The above-mentioned securities are securities as defined in Article 41 of the Law of 2010. The investments of the sub-fund are made in the currencies deemed best suited for performance and are actively managed in respect of the currency of account of the sub-fund. The sub-fund may take net short or net long positions in individual currencies with the view of benefiting from market developments.

The sub-fund may also invest in emerging market countries. This means that the sub-fund is exposed to specific risks that may be greater than those inherent in globally oriented investments. An overview of the risks in connection with investments focusing on emerging markets is given in the section "Investing in emerging markets".

The use of derivatives is a core element in achieving the investment objectives. The intention is to use the derivatives for participating in the expected market developments and/or for hedging purposes.

The sub-fund may be subject to substantial fluctuations (volatility) and is therefore particularly suitable for longer-term investors.

The sub-fund does not promote any environmental, social or governance (ESG) characteristics and does not pursue any sustainability or impact objective. Sustainability risks are not systematically integrated on the basis of the investment strategy and the type of underlying investments. The sub-fund can invest in underlying ESG-integrated strategies. However, allocation to such investments does not allow this sub-fund to be classified by UBS Asset Management as an ESG-integrated fund. At present, sustainability risks are not expected to have a significant impact on the sub-fund's return.

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities (Art. 7 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 ("Taxonomy Regulation")).

This sub-fund complies with Article 6 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR"). As such it does not consider principal adverse impacts on sustainability factors due to its investment strategy and the nature of the underlying investments (Art. 7(2) SFDR).

#### Currency of account: USD

#### Fees

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	1.920% (1.540%)	1.970% (1.580%)
Share classes with "N" in their name	2.500% (2.000%)	2.550% (2.040%)
Share classes with "K-1" in their name	1.300% (1.040%)	1.330% (1.060%)
Share classes with "K-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.580% (0.460%)	0.610% (0.490%)
Share classes with "Q" in their name	1.200% (0.960%)	1.250% (1.000%)
Share classes with "QL" in their name	1.200% (0.960%)	1.250% (1.000%)
Share classes with "I-A1" in their name	1.150% (0.920%)	1.180% (0.940%)
Share classes with "I-A2" in their name	1.050% (0.840%)	1.080% (0.860%)
Share classes with "I-A3" in their name	1.000% (0.800%)	1.030% (0.820%)
Share classes with "I-A4" in their name	1.000% (0.800%)	1.030% (0.820%)
Share classes with "I-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)

Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)
--	--------------------	--------------------

### **UBS (Lux) Key Selection SICAV – Asia Allocation Opportunity (USD)**

UBS Asset Management categorises this sub-fund as an ESG integration fund which does not promote particular ESG characteristics or pursues a specific sustainability or impact objective.

The objective of this sub-fund is to achieve capital growth and generate income by investing in a diversified portfolio with a focus on Asia. This sub-fund is actively managed, without reference to a benchmark.

To achieve this objective, the sub-fund invests mainly in equities and equity rights (including Real Estate Investment Trusts ("REITs")) or bonds and claims of companies domiciled or chiefly active in Asia. Within the legally permissible framework, the sub-fund also invests in non-traditional asset classes focusing for instance on infrastructure or commodities.

Investments in REITs are permissible, if these fulfil the criteria of (i) a UCITS or other UCI or (ii) a transferable security. A closed-ended REIT whose units are listed on a regulated market meets the criteria of a security listed on a regulated market and therefore constitutes a permissible investment for the sub-fund under Luxembourg law.

Investors should note that the sub-fund's exposure may also include Chinese A shares traded via Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. Chinese A shares are renminbi-denominated A shares of companies domiciled in mainland China; these are traded on Chinese stock exchanges such as the Shanghai Stock Exchange and the Shenzhen Stock Exchange.

The sub-fund may invest in fixed-income instruments denominated in RMB and traded on the China Interbank Bond Market ("CIBM") or through **Bond Connect**. These instruments may include securities issued by governments, quasi-public corporations, banks, corporations and other institutions in the People's Republic of China ("PRC" or "China") that are authorised to be traded directly on the CIBM or through Bond Connect. The associated risks are described in greater detail in the section "Specific risks of investing in the People's Republic of China".

The sub-fund may invest in exchange-traded and OTC derivatives for investment purposes and/or for hedging market and currency positions. This includes, inter alia, forwards, futures, swaps and options. The sub-fund can, in principle, invest in all financial derivatives listed in the sections "Special techniques and instruments with securities and money market instruments as underlying assets" and "Use of derivatives", provided the restrictions specified therein are observed. Permitted underlyings include, in particular, the instruments specified under Point 1.1(a) and (b) ("Permitted investments of the Company").

The sub-fund may also invest up to 10% of its net assets in contingent convertible bonds (**CoCos**). The associated risks are described in the section "Risks associated with the use of CoCos".

A maximum of 50% of the sub-fund's net assets may be invested in instruments with a low rating ("high yield") which includes high-yield bonds, high-yield investment funds and high-yield index derivatives. An instrument has a "low rating" if it has a rating of BB+ (Standard & Poor's) or lower, a comparably low rating from another recognised rating agency or – for new issues that do not yet have an official rating or issues with no rating at all – a comparably low internal UBS rating. Investments with lower ratings may carry an above-average yield, but also a higher credit risk than investments in securities of first-class borrowers.

In order to fulfil its investment objective and achieve broad diversification, the sub-fund may invest its total assets in UCITS. Investments in UCIs other than UCITS may not exceed 30% of the sub-fund's net assets. This method of investment and the associated expenses are described in the section "Investments in UCIs and UCITS".

As the sub-fund invests in many foreign currencies due to its global orientation, the portfolio or parts thereof may be hedged against the reference currency of the sub-fund in order to reduce the associated foreign currency risks. The sub-fund may take net short or net long positions in individual currencies with the view of benefiting from market developments. **The sub-fund also invests in emerging markets within Asia. This means that the sub-fund is exposed to specific risks that may be greater than those normally inherent in internationally oriented investments. An overview of the general risks with investments focusing on emerging markets is given in the section "General risk information".**

**In addition to the aforementioned, investors should read, be aware of and take into account the risks associated with investments traded via Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. Information on this topic can also be found in the section entitled "General risk information".**

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities (Art. 7 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 ("Taxonomy Regulation")).

This sub-fund complies with Article 6 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR"). As such it does not consider principal adverse impacts on sustainability factors due to its investment strategy and the nature of the underlying investments (Art. 7(2) SFDR).

**Currency of account:** USD

### **Fees**

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	1.490%	1.540%

	(1.190%)	(1.230%)
Share classes with "N" in their name	1.930% (1.540%)	1.980% (1.580%)
Share classes with "K-1" in their name	1.070% (0.860%)	1.100% (0.880%)
Share classes with "K-B" in their name	0.150% (0.000%)	0.150% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.670% (0.540%)	0.700% (0.560%)
Share classes with "Q" in their name	0.920% (0.740%)	0.970% (0.780%)
Share classes with "QL" in their name	0.920% (0.740%)	0.970% (0.780%)
Share classes with "I-A1" in their name	0.840% (0.670%)	0.870% (0.700%)
Share classes with "I-A2" in their name	0.740% (0.590%)	0.770% (0.620%)
Share classes with "I-A3" in their name	0.670% (0.540%)	0.700% (0.560%)
Share classes with "I-A4" in their name	0.670% (0.540%)	0.700% (0.560%)
Share classes with "I-B" in their name	0.150% (0.000%)	0.150% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

#### **UBS (Lux) Key Selection SICAV – European Equity Sustainable Leaders (EUR)**

UBS Asset Management categorises this sub-fund as a Sustainability Focus Fund. This sub-fund promotes environmental and/or social characteristics and complies with Article 8 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR"). Further information related to environmental and/or social characteristics is available in Annex I to this document (SFDR RTS Art. 14(2)).

This actively managed sub-fund invests at least two thirds of its assets in equities and other equity interests of European companies that are leaders in their respective sectors, in particular as regards sustainability.

As part of this investment, the sub-fund may also invest directly or indirectly (i.e. up to 10% of the net assets in open-ended investment funds) in European small and/or mid caps.

In accordance with Point 5 of the investment principles "Special techniques and instruments that have securities as underlying assets", the sub-fund is permitted to use index futures to raise or reduce its market exposure.

The sub-fund uses the benchmark MSCI Europe Growth (net dividend reinvested) to measure performance and the ESG profile, as well as for ESG and investment risk management and portfolio construction purposes. The benchmark is not designed to promote ESG characteristics. The Portfolio Manager may use discretion when constructing the portfolio and is not tied to the benchmark in terms of investment selection or weight. This means that the investment performance of the sub-fund may differ from the benchmark. As the sub-fund invests in multiple currencies due to its global orientation, the investment portfolio or parts of it may be subject to currency fluctuation risks.

**Currency of account:** EUR

#### **Fees**

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	1.700% (1.360%)	1.750% (1.400%)
Share classes with "K-1" in their name	1.100% (0.880%)	1.130% (0.900%)
Share classes with "K-B" in their name	0.065% (0.000%)	0.065% (0.000%)



Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.520% (0.420%)	0.550% (0.440%)
Share classes with "Q" in their name	0.900% (0.720%)	0.950% (0.760%)
Share classes with "QL" in their name	0.900% (0.720%)	0.950% (0.760%)
Share classes with "I-A1" in their name	0.600% (0.480%)	0.630% (0.500%)
Share classes with "I-A2" in their name	0.550% (0.440%)	0.580% (0.460%)
Share classes with "I-A3" in their name	0.520% (0.420%)	0.550% (0.440%)
Share classes with "I-A4" in their name	0.520% (0.420%)	0.550% (0.440%)
Share classes with "I-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

### **UBS (Lux) Key Selection SICAV – European Equity Value Opportunity (EUR)**

UBS Asset Management categorises this sub-fund as an ESG integration fund which does not promote particular ESG characteristics or pursues a specific sustainability or impact objective. The sub-fund invests at least two thirds of its assets on the basis of a value approach (the portfolio manager carries out a fundamental analysis with the aim of investing in companies that, according to the analysis, are being traded below their long-term fair corporate value) in equities and equity rights of companies based in Europe or that carry out their economic activity predominantly in Europe. The actively managed sub-fund uses the benchmark MSCI Europe (net div. reinvested) for performance measurement, risk management and portfolio construction purposes. The Portfolio Manager may use their discretion when constructing the portfolio and is not tied to the benchmark in terms of equities or weightings. For share classes with "hedged" in their name, currency-hedged versions of the benchmark (if available) are used. The portfolio may deviate from the benchmark in terms of allocation and performance.

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities (Art. 7 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 ("Taxonomy Regulation")). This sub-fund complies with Article 6 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR"). As such it does not consider principal adverse impacts on sustainability factors due to its investment strategy and the nature of the underlying investments (Art. 7(2) SFDR).

**Currency of account:** EUR

### **Fees**

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	1.750% (1.400%)	1.800% (1.440%)
Share classes with "K-1" in their name	1.000% (0.800%)	1.030% (0.820%)
Share classes with "K-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.680% (0.540%)	0.710% (0.570%)
Share classes with "Q" in their name	1.020% (0.820%)	1.070% (0.860%)

Share classes with "QL" in their name	1.020% (0.820%)	1.070% (0.860%)
Share classes with "I-A1" in their name	0.800% (0.640%)	0.830% (0.660%)
Share classes with "I-A2" in their name	0.750% (0.600%)	0.780% (0.620%)
Share classes with "I-A3" in their name	0.680% (0.540%)	0.710% (0.570%)
Share classes with "I-A4" in their name	0.680% (0.540%)	0.710% (0.570%)
Share classes with "I-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

### **UBS (Lux) Key Selection SICAV – European Growth and Income (EUR)**

UBS Asset Management categorises this sub-fund as an ESG integration fund which does not promote particular ESG characteristics or pursues a specific sustainability or impact objective.

The actively managed sub-fund uses a composite benchmark (see below) as reference for portfolio construction, performance evaluation and risk management purposes. For share classes with "hedged" in their name, currency-hedged versions of the relevant benchmark (if available) are used. Although part of the relevant portfolio may be invested in the same instruments and applying the same weightings as the relevant benchmark, the Portfolio Manager is not constrained by the relevant benchmark in terms of choice of instruments. The Portfolio Manager may use other instruments in pursuit of the investment strategy. The performance of the sub-funds may therefore differ considerably from the relevant benchmark in periods of high market volatility.

Benchmark:

1/3 MSCI Europe Index (net div reinvested)

1/3 ICE BofA EUR High Yield 3% Constrained Index

1/3 convertible bond indices comprised of 50% Refinitiv Eurozone Convertible Bond Index (EUR) and 50% Refinitiv Global Convertible Index – Global Vanilla (hedged in EUR)

The aim of this sub-fund is to put together a diversified portfolio consisting primarily of European equities, bonds and convertible bonds in such a way as to achieve long-term growth. Investing in high-yield bonds plays a central role in the investment strategy. Specifically, a maximum of 75% of the sub-fund's investments shall be in debt securities, receivables and convertible bonds with a low rating, i.e. a maximum rating of BBB (Standard & Poor's), a comparably low rating from another recognised rating agency or – insofar as a new issue is concerned that does not yet have an official rating or an issue that has no rating at all – a comparably low internal UBS rating. Investments with lower ratings may carry an above-average yield, but also a higher credit risk than investments in securities of first-class borrowers. The sub-fund may invest a maximum of 40% of its assets in all types of convertible, exchangeable and warrant-linked bonds, including synthetic convertible bonds (combination of derivatives and bonds), worldwide. In order to fulfil its investment objective and achieve broad diversification, the sub-fund may invest its total assets in UCITS. Investments in UCIs other than UCITS may not exceed 30% of the sub-fund's net assets. This method of investment and the associated expenses are described in the section "Investments in UCIs and UCITS". In order to fulfil its investment objective, the sub-fund may also invest in all other legally permissible instruments, including structured products, certificates and derivative financial instruments, which can be used for hedging purposes and/or for participating in the expected market developments. In order to fulfil the investment objectives and ensure efficient portfolio management, the Portfolio Manager of the sub-fund may, in particular, build up significant investment exposure as defined in the investment policy by investing in futures and forwards. To achieve its objectives, the sub-fund may also make investments on the credit derivatives market by investing in bond-secured credit default swaps (CDS) of individual issuers and in indices of the iTraxx and CDX index family containing the CDS of individual issuers for the purpose of buying and selling hedges, among other things. In principle, investments made by the sub-fund are carried out in EUR. If other currencies are used, then these shall be partially hedged against the currency of account (EUR).

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities (Art. 7 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 ("Taxonomy Regulation")).

This sub-fund complies with Article 6 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR"). As such it does not consider principal adverse impacts on sustainability factors due to its investment strategy and the nature of the underlying investments (Art. 7(2) SFDR).

**Currency of account:** EUR

**Fees**

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	1.700% (1.360%)	1.750% (1.400%)
Share classes with "K-1" in their name	1.100% (0.880%)	1.130% (0.900%)
Share classes with "K-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.650% (0.520%)	0.680% (0.540%)
Share classes with "Q" in their name	0.960% (0.770%)	1.010% (0.810%)
Share classes with "QL" in their name	0.770% (0.620%)	0.820% (0.660%)
Share classes with "I-A1" in their name	0.750% (0.600%)	0.780% (0.620%)
Share classes with "I-A2" in their name	0.700% (0.560%)	0.730% (0.580%)
Share classes with "I-A3" in their name	0.650% (0.520%)	0.680% (0.540%)
Share classes with "I-A4" in their name	0.650% (0.520%)	0.680% (0.540%)
Share classes with "I-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

**UBS (Lux) Key Selection SICAV – Global Allocation (CHF)**

**UBS (Lux) Key Selection SICAV – Global Allocation (EUR)**

**UBS (Lux) Key Selection SICAV – Global Allocation (USD)**

UBS Asset Management categorises these sub-funds as ESG integration funds which do not promote particular ESG characteristics or pursue a specific sustainability or impact objective.

These actively managed sub-funds use the following composite benchmarks as reference for risk management purposes:

UBS (Lux) Key Selection SICAV – Global Allocation (CHF): 60% MSCI All Country World Index (net div. reinvested) (hedged in CHF), 40% FTSE World Government Bond Index (TR) (hedged in CHF)

UBS (Lux) Key Selection SICAV – Global Allocation (EUR): 60% MSCI All Country World Index (net div. reinvested) (hedged in EUR), 40% FTSE World Government Bond Index (TR) (hedged in EUR)

UBS (Lux) Key Selection SICAV – Global Allocation (USD): 60% MSCI All Country World Index (net div reinvested), 40% FTSE World Government Bond Index (TR) (hedged in USD)

The aim of the sub-funds is to participate in the growth potential of the global financial markets in a broadly diversified manner. To this end and within the framework of the investment policy described above, investment will be made globally in bonds, equities and to a lesser extent in commodities, alternative investments and real estate (e.g. in the form of real estate investment trusts). To achieve their investment objectives, the sub-funds may also employ all other legally permissible instruments (including derivative financial instruments both exchange traded and OTC) that may be used for hedging or investment purposes. The associated risks are described in the section "Risks connected with the use of derivatives.". These sub-funds invest either directly or indirectly via existing UCIs and UCITS. Up to a maximum of 35% of investments may be made in high-yield instruments. These include high-yield bonds, high-yield investment funds and high-yield index derivatives. High-yield investments include investments with a rating from BB+ to C (Standard & Poor's), a similar rating from another recognised agency or – for new issues that do not yet have an official rating – a similar internal UBS rating; however, no more than 10% of their assets may be invested directly in bonds rated from CCC to C. The risks associated with such investments are described in the section "High-yield bonds".

The investments of the sub-funds are made in the currency deemed best suited for performance and are actively managed in respect of the currency of account. As the sub-funds invest in many foreign currencies due to their global orientation, the portfolios or parts thereof may be hedged sub-fund specific currency of account in order to reduce the associated foreign currency risks. The sub-funds may take net short or net long positions in individual currencies with the view of benefiting from market developments. To achieve a broad investment diversification in terms of markets, sectors, issuers, ratings and companies, the sub-funds UBS (Lux) Key Selection SICAV – Global Allocation (USD) and UBS (Lux) Key Selection SICAV – Global Allocation (CHF) may invest their

respective total assets in existing UCITS. Investments in UCIs other than UCITS may not exceed 30% of the sub-fund's net assets. This method of investment and the associated expenses are described in the section "Investments in UCIs and UCITS". The sub-fund UBS (Lux) Key Selection SICAV – Global Allocation (EUR) may invest up to 10% of its net assets in UCITS or other UCIs. The sub-funds may, within the legally permissible framework, also invest in investments that focus on the real estate asset class (e.g. in the form of real estate investment trusts).

Up to 20% of the sub-fund's net assets may be invested in alternative investments in compliance with Article 41(1) of the Law of 2010, seeking to improve portfolio diversification and adding additional sources of return. Such investments within the legally permissible framework may include but are not limited to alternative UCITS (whereas for the sub-fund UBS (Lux) Key Selection SICAV – Global Allocation (EUR) the 10% limit for investments into UCITS or other UCI remains applicable), OTC derivatives on quantitative investment strategies, certificates and other derivatives linked to alternative investment strategies. Investments in REITs are permissible, if these fulfil the criteria of a transferable security. A closed-ended REIT whose units are listed on a regulated market meets the criteria of a security listed on a regulated market and therefore constitutes a permissible investment for the sub-fund under Luxembourg law. The associated risks are described in the sections "Risks connected with the use of alternative investment strategies" and "Risks connected with the use of certificates".

Up to 25% of fund assets may also be invested in the commodities asset class through participation in the performance of commodities indices. In doing so, it is ensured at all times that there will be no physical delivery to the sub-fund. The respective Portfolio Manager achieves this participation by, for example, entering into swap transactions on the above-mentioned indices. In this way, the respective sub-fund is party to the swap transaction and receives the positive performance of the total return (TR) commodities index, minus the cash rate used in the index. Typically, the notional value of the swap can be adjusted on a daily basis (e.g. as is the case with inflows from share subscriptions, outflows from share redemptions or with a rebalancing of the portfolio when adjusting the investment strategy). The counterparty risk resulting from a swap is the open profit or loss (not the notional value of the swap agreement). In order to minimise this risk and keep it below the legally permissible threshold at all times, open profits or losses are typically settled on a monthly basis and any time the statutory threshold for counterparty risk is reached (by means of a reset). In addition, the sub-funds may invest in exchange-traded funds (ETFs) on commodities indices, which generally use the aforementioned swaps in order to obtain exposure to commodities. The respective Portfolio Manager may also purchase ETF securities on commodities indices. These are securities traded on the stock market, whose price is pegged to the performance of a commodities index, and which must comply with legally defined criteria. In accordance with the above-mentioned investment restrictions, the respective sub-fund may also invest in existing UCIs and UCITS focusing on commodities, on condition that they in turn invest exclusively by participating in commodities indices.

Portfolios with investments in commodities are generally more volatile than pure equity portfolios. Investors should therefore note that the sub-funds are suitable for investors who are prepared to accept moderate to high levels of volatility.

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities (Art. 7 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 ("Taxonomy Regulation")).

Each sub-fund complies with Article 6 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR"). As such it does not consider principal adverse impacts on sustainability factors due to its investment strategy and the nature of the underlying investments (Art. 7(2) SFDR).

#### **UBS (Lux) Key Selection SICAV – Global Allocation (CHF)**

**Currency of account:** CHF

#### **UBS (Lux) Key Selection SICAV – Global Allocation (EUR)**

**Currency of account:** EUR

#### **UBS (Lux) Key Selection SICAV – Global Allocation (USD)**

**Currency of account:** USD

#### **Fees**

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	2.040% (1.630%)	2.090% (1.670%)
Share classes with "N" in their name	2.500% (2.000%)	2.550% (2.040%)
Share classes with "K-1" in their name	1.300% (1.040%)	1.330% (1.060%)
Share classes with "K-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.580% (0.460%)	0.610% (0.490%)
Share classes with "Q" in their name	1.020% (0.820%)	1.070% (0.860%)

Share classes with "QL" in their name	1.020% (0.820%)	1.070% (0.860%)
Share classes with "I-A1" in their name	0.750% (0.600%)	0.780% (0.620%)
Share classes with "I-A2" in their name	0.700% (0.560%)	0.730% (0.580%)
Share classes with "I-A3" in their name	0.650% (0.520%)	0.680% (0.540%)
Share classes with "I-A4" in their name	0.650% (0.520%)	0.680% (0.540%)
Share classes with "I-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

### **UBS (Lux) Key Selection SICAV – Multi Strategy Alternatives (EUR)**

This sub-fund is actively managed, without reference to a benchmark.

The sub-fund UBS (Lux) Key Selection SICAV – Multi Strategy Alternatives (EUR) (the "**Feeder Fund**") is a feeder fund in accordance with Article 77 of the Law of 2010. It invests at least 85% of its net assets in units of Alma Platinum IV UBS Multi-Strategy Alternatives (the "**Master Fund**"), a sub-fund of Alma Platinum IV, an investment company incorporated as a société anonyme (public limited company) under Luxembourg law in the form of a société d'investissement à capital variable ("SICAV") approved by the CSSF. The Master Fund has appointed Alma Capital Investment Management as its management company (the "**Master Management Company**"). Alma Capital London Ltd. has been appointed as investment manager ("Investment Manager") of the Master-Fund.

The Feeder Fund may invest up to 15% of its net assets in the following assets:

- a) ancillary liquid assets pursuant to Article 41(2) of the Law of 2010; In principle, the sub-fund may temporarily invest up to 15% of its net assets in ancillary liquid assets. The upper limit of 15% may only be temporarily exceeded for a period no longer than absolutely necessary if exceptionally unfavourable market conditions so require and if such a breach is justified taking the interests of investors into account;
- b) derivative financial instruments pursuant to Article 41(1)(g) and Article 42(2) and (3) of the Law of 2010 that may only be used for hedging purposes.

Thus, the performance of the Feeder Fund may differ from that of the Master Fund.

The calculation of the overall risk at Feeder Fund level is largely determined by the use of derivative financial instruments at Master Fund level. The method used to calculate the global exposure resulting from the use of derivative financial instruments is the same as for the Master Fund, i.e. the **absolute VaR** (Value at Risk) approach in accordance with CSSF Circular 11/512. Due to the master-feeder structure, the leverage of the Feeder Fund will range between the values specified for the Master Fund under (v) Risk management and will not exceed **3,000%** of its net asset value.

The sub-fund does not promote any environmental, social or governance (ESG) characteristics and does not pursue any sustainability or impact objective. Sustainability risks are not systematically integrated on the basis of the investment strategy and the type of underlying investments. At present, sustainability risks are not expected to have a significant impact on the sub-fund's return.

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities (Art. 7 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 ("Taxonomy Regulation")).

This sub-fund complies with Article 6 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR"). As such it does not consider principal adverse impacts on sustainability factors due to its investment strategy and the nature of the underlying investments (Art. 7(2) SFDR).

**More detailed information on the Master Fund can be found in its sales prospectus and KII, as well as at [www.almacapital.com](http://www.almacapital.com), or obtained from the registered office of the Master Management Company.**

The Feeder Fund's investment policy should be read in connection with the sales prospectus of the Master Fund, whereby the following investment objectives and policy shall apply:

### **Investment objectives and policy of the Master Fund**

The Master Fund is a "sub-fund with direct investment policy", as described in the "Investment Objective and Policy" section of the Master Fund's Prospectus.

The Master Fund's investment objective is capital appreciation. To achieve the investment objective, Alma Capital London Ltd. (the "Investment Manager" intends to select several sub-investment managers (the "**Sub-Investment Managers**" and each a "**Sub-Investment Manager**") with each appointed as portfolio manager for a specifically allocated portion of the

Master Fund's assets (each a "**Segment**"). UBS Hedge Fund Solutions LLC (the "**Investment Adviser**") has been appointed by the Investment Manager, primarily to advise on the selection of the Sub-Investment Managers and the capital allocation to each segment. The Sub-Investment Managers in turn each employ a variety of investment strategies and may globally take long and/or short positions in various asset classes including equities, fixed-income, credit, currencies and commodities through UCITS eligible instruments, as described below. Further information on the various investment strategies can be found in the "Investment Strategies" section.

(i) Selection and replacement of the Sub-Investment Managers

The Investment Adviser will propose to the Investment Manager appropriate Sub-Investment Managers for consideration, following which the Investment Manager may appoint such Sub-Investment Managers from time to time, subject to the delegation rules set out in the Law. Each Sub-Investment Manager will be authorised or registered for the purpose of asset management and subject to prudential supervision regulated in its country of domicile and be approved to act as discretionary investment manager in respect of Luxembourg collective investment schemes by the CSSF. For the avoidance of doubt, the Investment Manager will not appoint Sub-Investment Managers which have not been assessed and proposed by the Investment Adviser.

The Investment Adviser will use a variety of information sources to identify prospective Sub-Investment Managers including, without limitation, databases, prime brokers, proprietary resources and other industry contacts, in order to identify a group of high-quality Sub-Investment Managers for further review by the Investment Advisor. After identifying a number of potential candidates, a further screening process is conducted. The Investment Adviser will generally conduct a number of onsite and offsite interviews and substantial additional due diligence on a Sub-Investment Manager candidate. The goal of the due diligence process will be to evaluate (i) the background of the Sub-Investment Manager's firm and its managers; (ii) the infrastructure of the Sub-Investment Manager's research, trading and operations; (iii) the Sub-Investment Manager's strategy and method of execution, (iv) the Sub-Investment Manager's risk control and portfolio management; and (v) the differentiating factors that give the Sub-Investment Manager's strategy an investment edge.

In addition, the Investment Manager may receive advice from the Investment Advisor to select the Investment Advisor or any of its affiliates to serve as a Sub-Investment Manager. In their respective capacity as a Sub-Investment Manager neither the Investment Adviser nor any of its affiliates would receive any additional compensation.

Furthermore, the Investment Adviser will perform ongoing monitoring of the Sub-Investment Managers and the macroeconomic environment and may propose that the Investment Manager discontinues and/or adjusts the allocation of assets to a Sub-Investment Manager.

The Investment Manager will consider any such advice having regard to the Investment Policy of the Master Fund before making a decision on the proposed changes; such decision shall be solely Investment Manager's absolute discretion.

The Sub-Investment Managers may be replaced without prior notice to the Shareholders. The list of the Sub-Investment Managers which have been appointed to manage the Segments can be found on the website: [www.almacapital.com](http://www.almacapital.com). The list of Sub-Investment Managers having acted for the Master Fund during the period under review is disclosed in the semi-annual and annual reports of the Company.

(ii) Investment strategies

The Master Fund's Investment Manager allocates segments to Sub-Investment Managers with a various range of investment strategies. Examples of such strategies include:

- Equity Hedge: Equity Hedge strategies generally use fundamental analysis to invest in publicly traded equities and seek to generate alpha through superior security selection. Portfolio construction is driven primarily by bottom-up fundamental research; top-down analysis may also be applied.
- Relative Value: Relative Value is a broad category generally encompassing strategies that are generally non-directional, and sometimes quantitatively driven. Sub-Investment Managers in this strategy typically use arbitrage to exploit mispricings and other opportunities in various asset classes, geographies and time-horizons. Sub-Investment Managers frequently focus on capturing the spread between two assets, while maintaining neutrality to other factors, for example to geography, changes in interest rates, equity market movements and currencies, to name a few examples.
- Trading: Trading strategies are generally top-down in nature and often driven by economic and macroeconomic research. These strategies may utilize financial instruments such as foreign exchange, equities, rates, sovereign debt, currencies and commodities to express a manager's view. In executing different approaches, the Sub-Investment Manager may use either fundamental or quantitative models, or a combination of both.
- Credit/Income: In credit/income strategies, Sub-Investment Managers utilize credit analysis to evaluate potential investments and use debt or debt-linked instruments to execute their investment thesis. Their approach can be fundamental or quantitative, or a combination of both.

In certain circumstances, such as in the period from the termination of a Sub-Investment Manager to the subsequent replacement or re-allocation to the remaining Sub-Investment Managers, the Master Fund may have a significant portion of its assets uninvested and held as cash.

(iii) Type of investments

The Master Fund is authorised to utilize a broad range of securities, derivatives and investment techniques on a global basis, including, but not limited to: equity and equity-related securities and instruments (such as American Depositary Receipts (ADRs), Global Depositary Receipts (GDRs), participatory notes, depositary receipts, preferred equities and UCITS eligible equity indices), debt and debt-related instruments (including high-yield) issued by governments, supranational organizations or corporate issuers, convertible bonds and warrants, asset-backed securities (ABS), money market instruments, financial futures and forward contracts (including, without limitation, contracts for future delivery with respect to securities, currencies

and other financial instruments), commodity futures contracts (it being understood that such exposure will be achieved through UCITS eligible structured transferable securities providing delta 1 exposure to an underlying commodity basket and satisfying the conditions applicable to transferable securities and/or diversified commodity indices), contracts for differences (CFD), credit default swaps (CDS), interest rate swaps; inflation swaps, swaptions and options on the above. Investments in debt and debt-related instruments with sub-investment grade rating or equivalent (high-yield) and distressed securities are not expected to exceed 25% and 5%, respectively, of the Master Fund's Net Asset Value at the time of investment.

Notwithstanding the "Investment Restrictions" section of the Prospectus, the Master Fund may invest in transferable securities and money market instruments of non-OECD countries. The transferable securities may be listed on a stock exchange or dealt on a Regulated Market in a non-OECD Member State.

Derivative instruments (including both exchange-traded and over-the-counter derivatives such as swaps, futures, forwards and options, as stated above) may be used for investment and hedging purposes. By using such derivative instruments, the Master Fund itself can be economically leveraged and could therefore be subject to an accelerated increase or decrease of its Net Asset Value (relative to the increase or decrease in the value of the assets to which the derivative instruments relate). Please also refer to the "Risk management" section below. Derivatives are typically unfunded instruments. If the Master Fund is investing extensively using unfunded derivatives, a significant proportion of the assets of the Master Fund may be invested in cash, cash bonds (including government bonds) and money market instruments. Money market instruments include transferable securities issued by (i) financial institutions or corporates, and (ii) sovereign states that are OECD Member States and/or supranational organisations or entities in each case, with investment grade ratings by a recognized rating agency or equivalent long-term credit ratings at the time of investment.

Investments in UCITS eligible structured transferable securities, including eligible commodity linked transferable securities, may be made as are required in order that the Master Fund's investments including derivative instruments and transferable securities fulfil the investment strategies.

The Master Fund does not invest in units or shares of other UCITS or other UCIs, with the exception of exchange traded funds (ETFs) in which the Master Fund will not invest more than 10% of its Net Asset Value in order that the Master Fund be eligible for investment by other UCITS.

The Master Fund may invest up to 20% of its net assets into back deposits at sight. Such limit can be temporarily breached for a period of time strictly necessary when, because of exceptionally unfavorable market conditions, circumstances so require and where such breach is justified having regard to the interests of the investors, for instance in highly serious circumstances such as the September 11 attacks or the bankruptcy of Lehman Brothers in 2008.

The Company may borrow on behalf of the Master Fund up to 10% of the Net Asset Value of the Master Fund, provided that such borrowing is on a temporary basis. Such borrowing may only be used for liquidity purposes (e.g. to cover shortfalls caused by mismatched settlement dates on purchase and sale transactions, temporary liquidity for redemptions/subscriptions, finance repurchase or pay fees relating to a service provider). The assets of the Master Fund may be charged as security for any such borrowings in accordance with the principle of segregation of assets and liabilities provided by Article 181(5) of the Law of 2010.

While the reference currency of the Master Fund is the Euro, a proportion of the assets of the Master Fund may, however, be invested in securities and other investments which are denominated in currencies other than the reference currency. Accordingly, the value of such assets may be affected favorably or unfavorably by fluctuations in currency rates, and the Investment Manager and Sub-Investment Managers may (but shall not be obligated to) enter into foreign exchange hedging transactions with a maturity of up to 120 days to attempt to mitigate part or all of such currency risks.

The Master Fund may invest in special purpose acquisition companies ("SPACs") up to 5% of its net assets.

Additional information on the investment policy of the Master Fund is provided in the main part of the Prospectus in the "Investment Restrictions" section.

The Master Fund has no maturity date. However, the Board of Directors may decide to terminate the Master Fund in accordance with the rules set out in the Prospectus and the Articles of Incorporation.

(iv) Securities financing transactions

The Master Fund's maximum and expected exposure to securities financing transactions is set out below (in each case as a percentage of the Net Asset Value):

Type of transaction	Maximum	Expected
Repurchase transactions	0%	0%
Securities lending transactions	0%	0%
Total Return Swaps and CFDs	500%	250%

The actual amount of the Master Fund's assets engaged in Total Return Swaps and CFDs, as well as any other information required by the Regulation (EU) 2015/2365 on transparency of securities financing transactions and of reuse, are disclosed in the periodic reports of the Company.

(v) Risk management

The methodology used to calculate the global exposure resulting from the use of derivative financial instruments is the absolute Value at Risk (“**VaR**”) approach in accordance with the CSSF Circular 11/512. The global exposure resulting from the use of financial derivative instruments is therefore subject to an absolute VaR limit of 20% of the Net Asset Value of the Master Fund.

Depending on market environments and subject to the Investment Restrictions, the Master Fund may employ leverage in the construction of its portfolio.

Leverage will be determined in accordance with the sum-of-notional of financial derivative instruments approach (which defines the leverage as the sum of the absolute value of the notional amounts of all derivative financial instruments in the Master Fund’s portfolio). The maximum expected leverage of the Master Fund is 3,000% of its Net Asset Value.

With the exception of “Relative Value” or “Trading” strategies with allocation to interest rate positions, the maximum expected level of leverage is expected to be significantly lower, typically less than 1,000% of the Master Fund’s Net Asset Value. “Trading” strategies may have significant high exposure to interest rate positions (particularly those with shorter duration), which will typically require a significantly higher notional exposure to achieve the desired interest rate sensitivity. “Relative Value” strategies tend to produce higher leverage levels as they take both long and short positions in underlying assets and risk may be largely offset as a result, although this is not reflected in the leverage as calculated by the sum-of-notionals approach.

The Master Fund’s level of leverage may possibly be higher in a low market volatility environment. Other than as disclosed herein, the Master Fund does not expect to employ any leverage.

**The Master Fund invests in accordance with the limits and restrictions defined in the Law of 2010, which are described in greater detail in the Sales Prospectus of the Master Fund. The Master Fund is as such not a feeder fund, and does not hold shares of the Feeder Fund.**

**Currency of account of the Feeder Fund:** EUR

### Fees

The Feeder Fund invests in the I4C-E Euro share class of the Master Fund. At Master Fund level, the fees, costs and expenses in relation to the investment in the I4C-E Euro share class are (i) an investment management fee of up to 1.44% per annum, which includes the fees of the Sub-Investment Managers and Investment Adviser (excluding performance fees) and (ii) an annual fee of no more than 0.5% of the net asset value at the level of Alma Platinum IV, subject to a minimum fee of EUR 65,000 per sub-fund that includes the fees of the administrative agent, the registrar and transfer agent and the depositary; and (iii) other management fees, trading fees and extraordinary expenses charged directly to the Master Fund. The Master Fund may also charge a performance fee, for which the calculation and payment relates to the individual segments managed by the sub-investment managers and is based on the base asset value of the segment. Further information on the current fees and charges applicable at Master Fund level can be found in the Sales Prospectus and KID and obtained at [www.almacapital.com](http://www.almacapital.com) or from the registered office of the Master Management Company of the Master Fund. The Master Fund may not draw any fees for subscription, redemption or conversion from the Feeder Fund.

At Feeder Fund level, the Company must pay the maximum flat fee for the different share classes available. For further details, please refer to the section “Expenses paid by the Company” of this Sales Prospectus.

The fees of the Feeder Fund are as follows:

Fees	Maximum flat fee at Feeder Fund level (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with “hedged” in their name
Share classes with “P” in their name	1.000% (0.800%)	1.050% (0.840%)
Share classes with “K-B” in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with “K-1” in their name	0.600% (0.480%)	0.630% (0.500%)
Share classes with “K-X” in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with “F” in their name	0.200% (0.160%)	0.230% (0.180%)
Share classes with “Q” in their name	0.500% (0.400%)	0.550% (0.440%)
Share classes with “QL” in their name	0.500% (0.400%)	0.550% (0.440%)
Share classes with “I-A1” in their name	0.300% (0.240%)	0.330% (0.260%)
Share classes with “I-A2” in their name	0.250% (0.200%)	0.280% (0.220%)
Share classes with “I-A3” in their name	0.200% (0.160%)	0.230% (0.180%)



Share classes with "I-A4" in their name	0.200% (0.160%)	0.230% (0.180%)
Share classes with "I-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

More information on running costs applicable to the Feeder Fund (as well as on the fees at Master Fund level) can be found in the KIDs.

#### Risk profile of the Master Fund

Investors should note that the Master Fund does not offer any guarantees or capital protection. With this Master Fund, investors must be prepared and able to withstand the loss of the full amount of the invested capital. The Master Fund follows speculative investment strategies that entail significant risks. No assurances can be provided that the investment objective of the Master Fund will be achieved, and investment results may fluctuate significantly over time. Any investment in the Master Fund entails a high degree of risk, including the risk that the entire amount invested may be lost. Please be aware that synthetic short selling (i.e. obtaining "short" positions through the use of derivatives), the use of derivatives for purposes other than hedging, other leveraged positions and potentially limited diversification compared to more conventional strategies could, in certain circumstances, substantially increase the impact of adverse market conditions on the Master Fund's Net Asset Value.

**In this regard, you should also read the section "Specific Risk Factors" in the Sales Prospectus of the Master Fund, which includes additional information on risks in connection with the structure of the Master Fund, investment techniques used by the Master Management Company and sub-investment managers, potential investments of the Master Fund, investments in global financial markets and other issues.**

#### Specific risks of the Feeder Fund

As the Feeder Fund invests in the Master Fund, the Feeder Fund is subject to the specific risks related to its investment in the Master Fund, as well as to the specific risks related to the Master Fund itself and its investments. Prior to any investment, potential investors should therefore carefully read the risks summarised above and the detailed description of the risk factors related to investments in the Master Fund included in the Master Fund's Prospectus. These risk assessments apply to the Feeder Fund as well as the Master Fund. The Feeder Fund invests in the Master Fund, and investments of the Feeder Fund are therefore not diversified. However, the investments of the Master Fund are diversified in accordance with the UCITS Directive.

#### Feeder Fund taxation

For further details, please refer to the "Taxation" section of this Sales Prospectus.

#### Liquidation or reorganisation of the Master UCITS

In accordance with Articles 79(4) and 79(5) of the Law of 2010, a feeder sub-fund shall be dissolved and liquidated if its master UCITS is liquidated, split into two or more UCITS or merged with another UCITS, unless the CSSF approves either (a) the investment of at least 85% of the assets of that feeder sub-fund into units of another master UCITS or (b) the feeder sub-fund's conversion into a UCITS that is not a feeder UCITS within the meaning of the Law of 2010.

#### Additional information

The Feeder Fund and the Master Fund have signed a Master/Feeder agreement stipulating, inter alia, appropriate means of minimising conflicts of interest that may arise between the Feeder Fund and the Master Fund; the principles on which investments and sales by the Feeder Fund are based; the general terms of trade; scenarios that affect the terms of trade; and any changes to key provisions of the Master Fund's Articles of Incorporation, Sales Prospectus and KIDs. The Master Fund and the Feeder Fund have taken appropriate measures to coordinate the timing of their net asset value calculation and publication, in order to avoid market timing and to prevent arbitrage opportunities.

The depositary of the Master Fund and the depositary of the Feeder Fund have signed an information and cooperation agreement in order to ensure the fulfilment of the duties of both depositaries, covering, inter alia, transmission of information, documents and categories of information to be shared, coordination of depositaries in relation to operational matters and coordination of procedures at the end of the financial year.

In its role as auditor of the Master Fund and of the Feeder Fund, Ernst & Young S.A. ensures that the information required in relation to the Master Fund and the Feeder Fund is made available in compliance with the provisions of the Law of 2010.

#### **UBS (Lux) Key Selection SICAV – Global Equities (USD)**

UBS Asset Management categorises this sub-fund as an ESG integration fund which does not promote particular ESG characteristics or pursues a specific sustainability or impact objective. In line with the above-mentioned investment policy, the sub-fund invests at least two thirds of its assets in equities and equity rights worldwide. In so doing, the sub-fund may

invest up to 25% of its assets in equities and equity rights of companies domiciled or chiefly active in emerging markets. Investors should note that the sub-fund's exposure may also include Chinese A shares traded via Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. Chinese A shares are renminbi-denominated A shares of companies domiciled in mainland China; these are traded on Chinese stock exchanges such as the Shanghai Stock Exchange and the Shenzhen Stock Exchange. The actively managed sub-fund uses the benchmark MSCI World (net div. reinvested) for performance measurement, risk management and portfolio construction purposes. The Portfolio Manager may use their discretion when constructing the portfolio and is not tied to the benchmark in terms of equities or weightings. For share classes with "hedged" in their name, currency-hedged versions of the benchmark (if available) are used. The portfolio may deviate from the benchmark in terms of allocation and performance.

Further information on **investing in emerging markets** can be found in the corresponding section of this sales prospectus. **In addition to the aforementioned, investors should read, be aware of and take into account the risks associated with investments traded via Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. Information on this topic can be found in the section entitled "General risk information".**

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities (Art. 7 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 ("Taxonomy Regulation")).

This sub-fund complies with Article 6 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR"). As such it does not consider principal adverse impacts on sustainability factors due to its investment strategy and the nature of the underlying investments (Art. 7(2) SFDR).

**Currency of account:** USD

#### Fees

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	2.040% (1.630%)	2.090% (1.670%)
Share classes with "K-1" in their name	1.080% (0.860%)	1.110% (0.890%)
Share classes with "K-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.540% (0.430%)	0.570% (0.460%)
Share classes with "Q" in their name	1.020% (0.820%)	1.070% (0.860%)
Share classes with "QL" in their name	1.020% (0.820%)	1.070% (0.860%)
Share classes with "I-A1" in their name	0.640% (0.510%)	0.670% (0.540%)
Share classes with "I-A2" in their name	0.600% (0.480%)	0.630% (0.500%)
Share classes with "I-A3" in their name	0.540% (0.430%)	0.570% (0.460%)
Share classes with "I-A4" in their name	0.540% (0.430%)	0.570% (0.460%)
Share classes with "I-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

#### **UBS (Lux) Key Selection SICAV – Global Multi Income (USD)**

UBS Asset Management categorises this sub-fund as an ESG integration fund which does not promote particular ESG characteristics or pursues a specific sustainability or impact objective.

This actively managed sub-fund uses a composite benchmark consisting of 60% MSCI All Country World Index (net div. reinvested) (hedged in USD) / 40% Bloomberg Global Aggregate Total Return Index (hedged in USD) as reference for risk management purposes.

The objective of this sub-fund is to generate income through the active management of a diversified portfolio that is invested mainly in equities and bonds. To achieve this objective, the sub-fund may invest in traditional asset classes such as equities (issued by companies operating in both developed and emerging markets), bonds (including corporate and government bonds, high-yield bonds and bonds focusing on emerging markets), liquid assets and, within the legal framework, also other asset classes focusing for instance on real estate (real estate investment trusts – REITs), insurance-linked securities and infrastructure. The sub-fund may invest in exchange-traded and OTC derivatives for investment purposes and/or for hedging market and currency positions. This includes, inter alia, forwards, futures, swaps and options. In order to fulfil its investment objective and achieve broad diversification, the sub-fund may invest its total assets in UCITS. Investments in UCIs other than UCITS may not exceed 30% of the sub-fund's net assets. This method of investment and the associated expenses are described in the section "Investments in UCIs and UCITS". Where the sub-fund participates in the performance of real estate, insurance-linked securities and infrastructure, it shall do so in line with the applicable legal provisions and primarily via derivative instruments such as swap transactions on underlyings (e.g. legally permissible indices) or alternatively via UCITS and other UCIs within the meaning of point 1.1(e) of the section entitled "Investment principles". At no time will the sub-fund invest directly in real estate or infrastructure.

Up to a maximum of 60% of investments may be made in high-yield instruments. These include high-yield bonds, high-yield investment funds and high-yield index derivatives. High-yield investments include investments with a rating from BB+ to C (Standard & Poor's), a similar rating from another recognised agency or – for new issues that do not yet have an official rating – a similar internal UBS rating. Investments with lower ratings may carry an above-average yield, but also a higher credit risk than investments in securities of first-class obligors. Direct investments in bonds with a rating below CCC or similar may not exceed 6% of the sub-fund's assets. Investments with lower ratings may carry an above-average yield, but also a higher credit risk than investments in securities of first-class borrowers. The risks associated with such investments are described in the section "High-yield bonds".

The investments of the sub-funds are made in the currencies deemed best suited for performance and are actively managed in respect of the currency of account. The sub-fund may also invest in investments focusing on emerging markets. This means that the sub-fund is exposed to specific risks that may be greater than those normally inherent in internationally oriented investments. An overview of the general risks with investments focusing on emerging markets is given in the section "Investing in emerging markets".

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities (Art. 7 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 ("Taxonomy Regulation")).

This sub-fund complies with Article 6 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR"). As such it does not consider principal adverse impacts on sustainability factors due to its investment strategy and the nature of the underlying investments (Art. 7(2) SFDR).

**Currency of account: USD**

**Fees**

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	1.300% (1.040%)	1.350% (1.080%)
Share classes with "K-1" in their name	0.900% (0.720%)	0.930% (0.740%)
Share classes with "K-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.600% (0.480%)	0.630% (0.500%)
Share classes with "Q" in their name	0.780% (0.620%)	0.830% (0.660%)
Share classes with "QL" in their name	0.780% (0.620%)	0.830% (0.660%)
Share classes with "I-A1" in their name	0.700% (0.560%)	0.730% (0.580%)
Share classes with "I-A2" in their name	0.650% (0.520%)	0.680% (0.540%)
Share classes with "I-A3" in their name	0.600%	0.630%

	(0.480%)	(0.500%)
Share classes with "I-A4" in their name	0.600% (0.480%)	0.630% (0.500%)
Share classes with "I-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

### **UBS (Lux) Key Selection SICAV – Turnaround Equity Opportunities (USD)**

UBS Asset Management categorises this sub-fund as an ESG integration fund which does not promote particular ESG characteristics or pursues a specific sustainability or impact objective.

The sub-fund invests at least two-thirds of its assets worldwide in equities and other corporate equity interests.

The aim of the sub-fund is to invest in companies for which a catalyst can be identified, which will improve the corporate performance thereby enhancing the attractiveness of the shares. As an example, this includes companies with a new management team.

The sub-fund may invest up to 25% of its assets in equities and other equity interests of companies from emerging markets. Investors should note that the sub-fund's exposure may also include Chinese A shares traded via Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. Chinese A shares are renminbi-denominated A shares of companies domiciled in mainland China; these are traded on Chinese stock exchanges such as the Shanghai Stock Exchange and the Shenzhen Stock Exchange.

The actively managed sub-fund uses the benchmark MSCI AC World (net div. reinvested) for performance measurement, risk management and portfolio construction purposes. The Portfolio Manager may use their discretion when constructing the portfolio and is not tied to the benchmark in terms of equities or weightings. The portfolio may deviate from the benchmark in terms of allocation and performance.

This sub-fund may invest in both developed and emerging markets. The risks associated therewith are listed in the section entitled "General risk information". In addition to the aforementioned, investors should read, be aware of and take into account the risks associated with investments traded via Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. Information on this topic can be found after the section "General risk information".

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities (Art. 7 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 ("Taxonomy Regulation")).

This sub-fund complies with Article 6 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR"). As such it does not consider principal adverse impacts on sustainability factors due to its investment strategy and the nature of the underlying investments (Art. 7(2) SFDR).

**Currency of account:** USD

### **Fees**

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	1.700% (1.360%)	1.750% (1.400%)
Share classes with "K-1" in their name	1.000% (0.800%)	1.030% (0.820%)
Share classes with "K-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.600% (0.480%)	0.630% (0.500%)
Share classes with "Q" in their name	0.900% (0.720%)	0.950% (0.760%)
Share classes with "QL" in their name	0.900% (0.720%)	0.950% (0.760%)
Share classes with "I-A1" in their name	0.700% (0.560%)	0.730% (0.580%)
Share classes with "I-A2" in their name	0.650% (0.520%)	0.680% (0.540%)

Share classes with "I-A3" in their name	0.600% (0.480%)	0.630% (0.500%)
Share classes with "I-A4" in their name	0.600% (0.480%)	0.630% (0.500%)
Share classes with "I-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

### **UBS (Lux) Key Selection SICAV – Systematic Allocation Portfolio Equity (USD)**

The actively managed sub-fund uses the benchmark MSCI All Country World with Developed Markets (net div. reinvested) (hedged to USD) for performance evaluation purposes. For share classes with "hedged" in their name, currency-hedged versions of the relevant benchmark (if available) are used for performance evaluation purposes. The investments and performance of the sub-fund may differ from the benchmark. The performance of the sub-fund may therefore differ considerably from the benchmark during periods of high market volatility. The sub-fund uses a composite benchmark consisting of 36% MSCI USA Index (net div. reinvested), 12% MSCI Emerging Markets Index (net div. reinvested), 23% MSCI EMU Index (net div. reinvested) (hedged to USD), 15% MSCI United Kingdom Index (net div. reinvested) (hedged to USD), 7% MSCI Japan (net div. reinvested) (hedged to USD), and 7% MSCI Switzerland (net div. reinvested) (hedged to USD) as reference for risk management purposes.

The aim of the sub-fund is to participate in the growth potential of the global equity markets, including emerging markets, in a broadly diversified manner. For this purpose, the sub-fund invests mainly in equities, bonds and money market instruments based on a model which allocates the assets to these asset classes. This model is based on a systematic approach, the aim of which is to identify market trends, align asset allocation to these trends and thereby reduce losses during significant downturns in the equity markets. The process takes into account various short and long-term indicators of company profits, market risks and equity market momentum. For this reason, the net equity exposure can vary greatly, up to a maximum of 175%. In phases where the sub-fund has a high equity exposure, the sub-fund may have short bond exposure of up to 60%. To build such short positions, the sub-fund uses total return swaps and/or exchange-traded derivative instruments such as bond futures in accordance with Section 5 entitled "Special techniques and instruments with securities and money market instruments as underlying assets". Potential losses incurred from taking a short position on an asset may be unlimited, since the price of the asset may rise without limitation. Sharp, rapid rises in the price of these assets may lead to substantial losses. The sub-fund does not engage in physical short-selling. In phases when the model identifies the equity market trend as negative, net equity exposure may be fully reduced. If this happens, the investment in bonds and money market instruments and/or cash is proportionately higher.

The sub-fund may invest on an ancillary basis in real estate investment trusts ("REITs"). Investments in REITs are permissible, if these fulfil the criteria of (i) a UCITS or other UCI or (ii) a transferable security. A closed-ended REIT whose units are listed on a regulated market meets the criteria of a security listed on a regulated market and therefore constitutes a permissible investment for the sub-fund under Luxembourg law.

The sub-fund may invest either directly or indirectly (i.e. its total assets via UCITS). Investments in UCIs other than UCITS may not exceed 30% of the sub-fund's net assets. The indirect method of investment and the associated expenses are described in the section "Investments in UCIs and UCITS". To achieve its investment objective, the sub-fund may also employ all other legally permissible instruments (including derivative financial instruments) that may be used for hedging or investment purposes. The associated risks are described in the section "Risks connected with the use of derivatives". As the sub-fund invests in many foreign currencies due to its global orientation, the portfolio or parts thereof may be hedged against the reference currency of the sub-fund in order to reduce the associated foreign currency risks.

Investors should note that the sub-fund's exposure may also include Chinese A shares traded via Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. Chinese A shares are renminbi-denominated A shares of companies domiciled in mainland China; these are traded on Chinese stock exchanges such as the Shanghai Stock Exchange and the Shenzhen Stock Exchange. This sub-fund may invest in both developed and emerging markets. The risks associated therewith are listed in the section entitled "General risk information". In addition to the aforementioned, investors should read, be aware of and take into account the risks associated with investments traded via Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. Information on this topic can be found after the section "General risk information". For the reasons mentioned, this sub-fund is particularly suitable for risk-conscious investors.

The sub-fund does not promote any environmental, social or governance (ESG) characteristics and does not pursue any sustainability or impact objective. Sustainability risks are not systematically integrated on the basis of the investment strategy and the type of underlying investments. The sub-fund can invest in underlying ESG-integrated strategies. However, allocation to such investments does not allow this sub-fund to be classified by UBS Asset Management as an ESG-integrated fund. At present, sustainability risks are not expected to have a significant impact on the sub-fund's return.

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities (Art. 7 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the

establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 ("Taxonomy Regulation").

This sub-fund complies with Article 6 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR"). As such it does not consider principal adverse impacts on sustainability factors due to its investment strategy and the nature of the underlying investments (Art. 7(2) SFDR).

**Currency of account:** USD

**Fees**

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	1.800% (1.440%)	1.850% (1.480%)
Share classes with "K-1" in their name	1.180% (0.940%)	1.210% (0.970%)
Share classes with "K-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.610% (0.490%)	0.640% (0.510%)
Share classes with "Q" in their name	0.830% (0.660%)	0.880% (0.700%)
Share classes with "QL" in their name	0.830% (0.660%)	0.880% (0.700%)
Share classes with "I-A1" in their name	0.690% (0.550%)	0.720% (0.580%)
Share classes with "I-A2" in their name	0.650% (0.520%)	0.680% (0.540%)
Share classes with "I-A3" in their name	0.610% (0.490%)	0.640% (0.510%)
Share classes with "I-A4" in their name	0.610% (0.490%)	0.640% (0.510%)
Share classes with "I-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

**UBS (Lux) Key Selection SICAV – Climate Diversified (EUR)**

UBS Asset Management categorises this sub-fund as a Sustainability Focus Fund. This sub-fund promotes environmental and social characteristics and complies with Article 8 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR"). Further information related to environmental and/or social characteristics is available in Annex I to this document (SFDR RTS Art. 14(2)).

The performance of the sub-fund is not measured in comparison to an index. The Portfolio Manager may use discretion when constructing the portfolio and is not tied to any indices in terms of investment selection or weightings.

In order to fulfill its investment objective and achieve broad diversification, the sub-fund will globally invest up to 100% of its net assets in UCITS or UCIs (including ETFs). The sub-fund may also directly invest globally, in equities, bonds and money market instruments or derivative instruments on such assets.

Moreover, the sub-fund may, to the extent permitted by law, invest in any other suitable, legally permissible investment instruments. Fixed income investments may include investment in green bonds which finance projects which have a positive environmental impact. Up to a maximum of 20% of the sub-fund's assets may be invested in high-yield instruments including high-yield bonds, high-yield investment funds and high-yield index derivatives. High-yield investments include investments with a rating from BB+ to C (Standard & Poor's), a similar rating from another recognized agency or, for new issues that do not yet have an official rating, a similar internal UBS rating. The associated risks are described in the section "High-yield bonds".

The sub-fund may invest in both developed and emerging markets. The risks associated therewith are listed in the section entitled "General risk information". As the sub-fund invests in many foreign currencies due to its global orientation, the

portfolio or parts thereof may be hedged against the reference currency of the sub-fund in order to reduce the associated foreign currency risks. However, it is not the intention of the sub fund to fully hedge all foreign currency exposure.

The sub-fund may invest on an ancillary basis in real estate investment trusts ("REITs"). Investments in REITs are permissible, if these fulfil the criteria of (i) a UCITS or other UCI or (ii) a transferable security. A closed-ended REIT whose units are listed on a regulated market meets the criteria of a security listed on a regulated market and therefore constitutes a permissible investment for the sub-fund under Luxembourg law.

The sub-fund may invest all of its assets in UCITS. Investments in UCIs other than UCITS shall not exceed 30% of the sub-fund's net assets. This method of investment and the associated expenses are described in the section "Investments in UCIs and UCITS". In order to fulfil the investment objectives and ensure efficient portfolio management, the sub-fund may invest in exchange-traded and OTC derivative instruments. The associated risks are described in the section "Risks associated with the use of derivatives". In the case of derivatives, the sustainability assessment refers to the underlying instrument(s).

**Currency of account: EUR**

<b>Fees</b>	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	1.500% (1.200%)	1.550% (1.240%)
Share classes with "K-1" in their name	0.900% (0.720%)	0.930% (0.740%)
Share classes with "K-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.500% (0.400%)	0.530% (0.420%)
Share classes with "Q" in their name	0.850% (0.680%)	0.900% (0.720%)
Share classes with "QL" in their name	0.850% (0.680%)	0.900% (0.720%)
Share classes with "I-A2" in their name	0.520% (0.420%)	0.550% (0.440%)
Share classes with "I-A3" in their name	0.500% (0.400%)	0.530% (0.420%)
Share classes with "I-A4" in their name	0.500% (0.400%)	0.530% (0.420%)
Share classes with "I-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

**UBS (Lux) Key Selection SICAV – European Financial Debt Sustainable (EUR)**

UBS Asset Management categorises this sub-fund as a Sustainability Focus Fund. This sub-fund promotes environmental and/or social characteristics and complies with Article 8 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR"). Further information related to environmental and/or social characteristics is available in Annex I to this document (SFDR RTS Art. 14(2)).

The sub-fund uses the benchmark Bloomberg Euro Credit Corp Sub Financials 2% Cap (I28366EU) as reference for portfolio construction, performance evaluation, sustainability profile comparison and risk management purposes. The benchmark is not designed to promote ESG characteristics. For share classes with "hedged" in their name, currency-hedged versions of the benchmark (if available) are used. The investment universe of the sub-fund is defined by selecting the debt instruments contained in the benchmark that are issued predominantly by companies with a strong ESG profile based on UBS internal research. The investment universe of the sub-fund is supplemented by debt instruments and issuers that are not contained in the benchmark, but that appear to be suitable from an ESG perspective.

In line with the general investment policy, the actively managed sub-fund invests at least two thirds of its assets in a diversified portfolio of debt instruments. Most of these debt instruments are comprised of subordinated debt instruments including hybrid

bonds (regulatory capital securities issued by financial institutions, which have no fixed maturity date and may remain outstanding beyond their first maturity date) as well as additional core capital securities (additional or restricted Tier 1, Tier 2 and high grade corporate perpetuals) of issuers from the financial sector that are based in or predominantly operate in Europe.

Although the sub-fund aims to invest across the full spectrum of credit ratings, the average credit rating for the portfolio will be at least BBB- (Standard & Poor's) or a similar rating of another recognised agency. For new issues that do not yet have an official rating, a comparable internal UBS rating will be used. Investments in bonds with a rating below CCC or similar may not exceed 10% of the sub-fund's assets. Investments with lower ratings may carry an above-average yield, but also a higher credit risk than investments in securities of first-class borrowers.

The sub-fund may also invest up to 50% of its assets in debt instruments and receivables denominated in a currency other than EUR. The resulting currency risk will be largely hedged against the EUR.

Up to 10% of its assets may be invested in convertible, exchangeable and warrant-linked bonds as well as convertible debentures. Furthermore, the sub-fund may invest up to 10% of its assets in equities, equity rights and warrants as well as equities, other equity-like securities and dividend-right certificates acquired through the exercise of conversion and subscription rights or options, in addition to warrants remaining after the separate sale of ex-warrant bonds and any equities acquired with these warrants. The equities acquired by exercise of rights or through subscription must be sold no later than 12 months after they were acquired.

The sub-fund may invest a total of up to 20% of its net assets in ABS, MBS, CMBS and CDOs/CLOs. The associated risks are described in the section "Risks associated with the use of ABS/MBS" or "Risks associated with the use of CDOs/CLOs".

To achieve the investment objective, the sub-fund may, within the legal framework, buy or sell futures, swaps (including IRS/NDIRS, TRS, CDS, index CDS and NDS), forwards/non-deliverable forwards, options and other suitable, legally permitted investment instruments.

As part of efficient asset management, the sub-fund may invest in all the derivative financial instruments listed in the section "Special techniques and instruments with securities and money market instruments as underlying assets" subject to the provisions and guidelines set forth therein. Permitted underlyings include, in particular, the instruments specified under Point 1.1(g) ("Permitted investments of the Fund").

The sub-fund may also invest up to 40% of its net assets in contingent convertible bonds (CoCos). The fund will not invest in securities issued by the entities of UBS Group.

The associated risks are described in the section "Risks associated with the use of CoCos".

Furthermore, the sub-fund may invest up to 10% of its assets in emerging market bonds. The risks associated with investments in emerging markets are described in the section "General risk information". For the reasons mentioned, the sub-fund is suitable for investors who are aware of these risks.

#### Currency of account: EUR

Fees	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	1.200 (0.960)	1.250 (1.000)
Share classes with "K-1" in their name	0.750 (0.600)	0.780 (0.620)
Share classes with "K-B" in their name	0.065 (0.000)	0.065 (0.000)
Share classes with "K-X" in their name	0.000 (0.000)	0.000 (0.000)
Share classes with "F" in their name	0.310 (0.250)	0.340 (0.270)
Share classes with "Q" in their name	0.650 (0.520)	0.700 (0.560)
Share classes with "QL" in their name	0.650 (0.520)	0.700 (0.560)
Share classes with "I-A1" in their name	0.460 (0.370)	0.490 (0.390)
Share classes with "I-A2" in their name	0.380 (0.300)	0.410 (0.330)
Share classes with "I-A3" in their name	0.310 (0.250)	0.340 (0.270)



Share classes with "I-A4" in their name	0.310 (0.250)	0.340 (0.270)
Share classes with "I-B" in their name	0.065 (0.000)	0.065 (0.000)
Share classes with "I-X" in their name	0.000 (0.000)	0.000 (0.000)
Share classes with "U-X" in their name	0.000 (0.000)	0.000 (0.000)

## **General risk information:**

### **Investing in emerging markets**

The term "emerging markets" is used to describe markets included in the International Finance Corporation Composite Index and/or the MSCI Emerging Markets Index and other countries that are at a comparable level of economic development, or in which there are new equity markets.

Emerging markets are at an early stage of development and suffer from higher risks of expropriation and nationalisation, as well as social, political and economic instability.

The following is an overview of the general risks entailed in emerging markets:

- ▶ Counterfeit securities – due to inadequate supervisory structures, it is possible that securities purchased by the sub-fund could be counterfeit. It is therefore possible to suffer losses.
- ▶ Illiquidity – the buying and selling of securities can be costlier, more time-consuming and generally more difficult than on more developed markets. Difficulties with liquidity can also increase price volatility. Many emerging markets are small, have low trading volumes and suffer from low liquidity and high price volatility.
- ▶ Volatility – investments in emerging markets may post more volatile performances than those in developed markets.
- ▶ Currency fluctuations – compared to the sub-fund's currency of account, the currencies of countries in which the sub-fund invests may be subject to substantial fluctuations after the sub-fund has invested in these currencies. Such fluctuations may have a significant impact on the sub-fund's income. It is not possible to apply currency risk hedging techniques to all currencies in emerging market countries.
- ▶ Currency export restrictions – it cannot be ruled out that emerging markets may limit or temporarily suspend the export of currencies. Consequently, it would not be possible for the sub-fund to draw any sales proceeds without delays. To minimise the possible impact on redemption applications, the sub-fund will invest in a large number of markets.
- ▶ Settlement and custody risks – the settlement and custody systems in emerging market countries are less well developed than those in developed markets. Standards are not as high and the supervisory authorities not as experienced. Consequently, settlement may be delayed, thereby posing disadvantages for liquidity and securities.
- ▶ Restrictions on buying and selling – in some cases, emerging markets can place restrictions on the purchase of securities by foreign investors. Some equities are thus not available to the sub-fund because the maximum number allowed to be held by foreign shareholders has been exceeded. In addition, the participation of foreign investors in the net income, capital and distributions may be subject to restrictions or government approval. Emerging markets may also limit the sale of securities by foreign investors. Should the sub-fund be barred due to such a restriction from selling its securities in an emerging market, it will try to obtain an exceptional approval from the relevant authorities or to counter the negative impact of this restriction through its investments in other markets. The sub-fund will only invest in markets in which the restrictions are acceptable. However, it is not possible to prevent additional restrictions from being imposed.
- ▶ Accounting – the accounting, auditing and reporting standards, methods, practices and disclosures required of companies in emerging markets differ from those in developed markets in terms of content, quality and the deadlines for providing information to investors. It may thus be difficult to correctly evaluate the investment options.

Depending on the investment weighting in emerging markets in the individual sub-funds, the individual sub-funds are suitable for risk-conscious investors. Regarding this, please refer to the section "Profile of the typical investor" in this sales prospectus.

## **ESG Risks**

“Sustainability risk” means an environmental, social or governance event or condition which could have a material or potentially substantial adverse effect on the value of the investment. If a sustainability risk associated with an investment materialises, it could lead to the loss in value of an investment.

### **Specific risks of investing in the People's Republic of China**

For the purposes of this section, the term “sub-fund” refers to any relevant sub-fund that invests in A shares and/or Chinese onshore bonds through the Portfolio Manager’s QFI status, CIBM, Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect (“Stock Connect”), Bond Connect, UCITS or other UCIs exposed to Chinese A shares/Chinese onshore bonds, and/or entry products such as ETFs.

#### **a) Market risks in China**

Investments in the securities markets in the PRC are subject to the general risks of investing in emerging markets and the specific risks of investing in the markets in the PRC. Many of the economic reforms implemented in the PRC are unprecedented or experimental and are subject to adjustment and modification, and such adjustment and modification may not always have a positive effect on foreign investment in joint stock companies in the PRC or in listed securities such as A shares.

The profitability of the investments of a sub-fund could be adversely affected by a worsening of general economic conditions in the PRC or on the global markets. Factors such as government policy, fiscal policy, interest rates, inflation, investor sentiment, the availability and cost of credit in the PRC, the liquidity of the financial markets in the PRC and the level and volatility of share prices could significantly affect the value of a sub-fund's underlying investments and thus the share price.

The choice of A shares and RMB-denominated debt instruments currently available to the Portfolio Manager may be limited relative to the choice available in other markets. There may also be a lower level of liquidity in the relevant markets in the PRC, which are smaller, in terms of both the overall market value and the number of securities available for investment, than other markets. This could potentially lead to strong price volatility.

The national regulatory and legal framework for capital markets and joint stock companies in the PRC is still developing relative to that of industrialised countries. However, the overall effects of such reforms on the A share market remain to be seen. In addition, there is a relatively low level of regulation and enforcement activity in these securities markets. Settlement of transactions may be subject to delay and administrative uncertainties. Furthermore, the regulations are under development and may change without notice, which may further delay redemptions or restrict liquidity. The Chinese securities markets and activities of investors, brokers and other market participants may not be regulated and monitored to the same extent as in more-developed markets.

Companies in the PRC are required to follow PRC accounting standards and practices, which, to a certain extent, correspond to international accounting standards. However, there may be significant differences between financial statements prepared by accountants following PRC accounting standards and practices and those prepared in accordance with international accounting standards.

Both the Shanghai and Shenzhen securities markets are in the process of development and are subject to change. This may lead to volatile trading, difficulties with the settlement and recording of transactions and problems interpreting and applying the relevant regulations. The government of the PRC has developed a comprehensive regime of commercial laws and considerable progress has been made in the promulgation of laws and regulations dealing with economic matters such as corporate organisation and governance, foreign investment, commerce, taxation and trade. Because these laws, regulations and legal requirements are relatively recent, there are some uncertainties regarding their interpretation and enforcement. In addition, the laws for investor protection in the PRC are still under development and may be less sophisticated than those in industrialised countries.

Investments in the PRC will be very sensitive to any significant changes in social, economic or other policy in the PRC. Such sensitivity may, for the reasons specified above, adversely affect the capital growth and thus the performance of these investments.

State control over currency conversion in the PRC and future movements in exchange rates may adversely affect the operations and financial results of the companies in which a sub-fund invests.

In light of the above-mentioned factors, the price of A shares may fall significantly in certain circumstances.

#### **b) QFI risk**

##### ***QFI Status***

Under the provisions in force in the PRC, foreign investors can invest in the A share market and other QFI eligible securities through institutions that have obtained qualified investor status in the PRC such as QFI status. The current QFI regulations impose strict restrictions (such as investment guidelines) on A share investments.

The sub-funds themselves are not QFIs, but may invest directly in A shares and other QFI eligible securities by means of the QFI status of the Portfolio Manager or Investment Advisor. Potential investors should note that there is no guarantee that any of the sub-funds will continue to benefit from the QFI status of the Portfolio Manager or Investment Advisor, nor that it will be made exclusively available to any of the sub-funds.

No guarantee can be given that redemption orders can be processed in a timely manner in the event of adverse changes in relevant laws or regulations, including changes in QFI repatriation restrictions. Such restrictions may result in the suspension of the sub-fund trading activities.

Should the Portfolio Manager or Investment Advisor lose its QFI status, cease trading or be removed, the sub-fund may not be able to invest in A shares or other QFI eligible securities through the QFI status of the Portfolio Manager or Investment Advisor, and the sub-fund may be required to sell its positions, which would likely have an adverse effect on the sub-fund.

### **QFI regulations**

The QFI regulations that govern investments by QFIs in the PRC as well as repatriation and currency conversion are relatively new. The application and interpretation of the QFI regulations are therefore relatively untested and there is uncertainty about how they will be applied. The China Securities Regulatory Commission (“**CSRC**”) and the State Administration of Foreign Exchange (“**SAFE**”) in the PRC have been given broad discretionary powers in relation to the QFI regulations and there is no precedent or certainty as to how these discretions might be exercised now or in the future. At this early stage of development, the QFI regulations may be subject to further revisions in the future. It is uncertain whether such revisions will prejudice the QFIs, or whether the QFI status of the Portfolio Manager or Investment Advisor, which is subject to review from time to time by CSRC and SAFE, may be revoked entirely.

### **PRC Brokers**

In its capacity as QFI, the relevant Portfolio Manager or Investment Advisor will also select brokers (“**PRC Brokers**”) to execute transactions for the sub-fund in the markets in the PRC. The sub-fund may have difficulty obtaining best execution of transactions involving QFI eligible securities due to restrictions/limits under the applicable QFI regulations or operational constraints such as a restriction/limit on the number of brokers that the Portfolio Manager or Investment Advisor may appoint in its capacity as QFI. If a PRC Broker offers the sub-fund standards of execution that the Portfolio Manager or Investment Advisor is satisfied are best practice in the marketplace in the PRC, the Portfolio Manager or Investment Advisor may determine that transactions consistently be executed with that PRC Broker (even if it is an affiliate), regardless of the fact that they might not be executed at the best price and the fact that there is no accountability towards the sub-fund for the difference between the price at which the sub-fund executes transactions and any other price that might have been available in the market at the relevant time.

### **Custody**

The Depository of the sub-fund holds the sub-fund’s assets in custody. The QFI acting on behalf of the sub-fund and the Depository will appoint a sub-custodian for the sub-fund (the “**PRC Sub-Custodian**”), and the PRC Sub-Custodian will hold in custody the assets of the sub-fund invested in the PRC through the QFI status of the Portfolio Manager or Investment Advisor. Any QFI eligible securities acquired by the sub-fund through the QFI status of the Portfolio Manager or Investment Advisor will be kept by the PRC Sub-Custodian in separate securities accounts and will be registered for the sole benefit and use of the sub-fund or the Company (for account of the sub-fund) subject to the applicable laws. The assets will be segregated by the PRC Sub-Custodian such that the assets of the sub-fund do not form part of the assets of the Portfolio Manager or Investment Advisor in its capacity as QFI, the PRC Sub-Custodian, or the PRC Brokers. However, subject to the investment regulations, the Portfolio Manager or Investment Advisor (in its capacity as QFI) could be the party entitled to the securities in such securities accounts (even though this entitlement does not constitute an ownership interest or preclude the Portfolio Manager or Investment Advisor from purchasing the securities for the sub-fund), meaning that such securities may be vulnerable to a claim by a liquidator of the Portfolio Manager or Investment Advisor and may not be as well protected as if they were registered solely in the name of the sub-fund. In particular, there is a risk that creditors of the Portfolio Manager or Investment Advisor may incorrectly assume that the sub-fund’s assets belong to the Portfolio Manager or Investment Advisor and such creditors could seek to gain control of the sub-fund’s assets to meet the liabilities of the Portfolio Manager or Investment Advisor to such creditors.

Investors should note that cash deposited in the cash account of the sub-fund with the PRC Sub-Custodian may not be segregated but may be a liability of the PRC Sub-Custodian in respect of the sub-fund as a depositor. Such cash will be pooled with cash belonging to other clients of the PRC Sub-Custodian. In the event of bankruptcy or liquidation of the PRC Sub-Custodian, the sub-fund may not have any ownership rights to the cash deposited in such cash account, and the sub-fund could become an unsecured creditor, ranking *pari passu* with all other unsecured creditors of the PRC Sub-Custodian. The sub-fund may have difficulties and/or encounter delays recovering such debt, or might not be able to recover the debt in full or at all, in which case the sub-fund would suffer losses.

### **Redemption restrictions**

Transfers and repatriations for the account of the sub-fund may be made on a daily basis by the PRC Sub-Custodian through the QFI status of the Portfolio Manager or Investment Advisor to meet the net subscriptions and redemptions of shares of the sub-fund/Company (as the case may be).

Please note that there is no certainty that there will be no regulatory restrictions in the PRC on the repatriation of monies by the sub-fund in future. The investment regulations and/or the approach adopted by SAFE in relation to the repatriation of monies may change from time to time.

### **Clearing reserve fund risk**

Under the QFI regulations, the PRC Sub-Custodian is required to deposit a minimum clearing reserve fund, the percentage amount of which is determined from time to time by China Securities Depository and Clearing Corporation Limited (Shanghai, Shenzhen and Beijing branches) (the “**CSDCC**”). The PRC Sub-Custodian will deposit a portion of the assets of the sub-fund as part of the minimum clearing reserve fund. The minimum clearing reserve percentage is determined by the CSDCC from time to time and will be deposited by the PRC Sub-Custodian into the minimum clearing reserve fund. If the value of securities in the PRC increases, the sub-fund’s assets held in the clearing reserve fund could have a negative effect on the performance of the sub-fund. On the other hand, the performance of the sub-fund can be better than it otherwise would have been during periods when the value of securities falls in the PRC.

## **c) Risks relating to securities trading in mainland China via Stock Connect**

If sub-fund investments in mainland China are traded via Stock Connect, there are additional risk factors in relation to these transactions. Shareholders should note in particular that Stock Connect is a new trading programme. There is currently no empirical data. Furthermore, the corresponding provisions could change in future. Stock Connect is subject to quota limits that could restrict the sub-fund's ability to perform transactions in a timely manner via Stock Connect. This could impair the sub-fund's ability to effectively implement its investment strategy. The scope of Stock Connect initially encompasses all securities included on the SSE 180 Index and SSE 380 Index, as well as all Chinese A shares listed on the Shanghai Stock Exchange ("SSE"). It also extends to all securities included in the SZSE Component Index and the SZSE Small/Mid Cap Innovation Index with a market capitalisation of at least RMB 6 billion, as well as to all Chinese A shares listed on the Shenzhen Stock Exchange ("SZSE"). Shareholders should also note that under the applicable regulations, a security can be removed from the Stock Connect programme. This could have an adverse effect on the sub-fund's ability to achieve its investment objective, for example if the Portfolio Manager wishes to acquire a security that has been removed from the Stock Connect programme.

#### **Beneficial owner of SSE shares/SZSE shares**

Stock Connect consists of the northbound link, through which investors in Hong Kong and abroad – such as the sub-fund – may acquire and hold Chinese A shares listed on the SSE ("SSE shares") and/or SZSE ("SZSE shares"), and the southbound link, through which investors in mainland China may acquire and hold shares listed on the Hong Kong Stock Exchange ("SEHK"). The sub-fund trades in SSE and/or SZSE shares through its broker, which is associated with the Company's sub-depositary and admitted to the SEHK. After settlement by brokers or depositaries (the clearing agents), these SSE shares or SZSE shares shall be held in accounts in the Hong Kong Central Clearing and Settlement System ("CCASS"), maintained by Hong Kong Securities and Clearing Company Limited ("HKSCC"), the central securities depositary in Hong Kong and the nominee. HKSCC in turn holds the SSE shares and/or SZSE shares of all participants on a "Single Nominee Omnibus Securities Account", which is registered in its name with ChinaClear, the central securities depositary in mainland China.

Since HKSCC is only the nominee and not the beneficial owner of the SSE shares and/or SZSE shares, if HKSCC were to be wound down in Hong Kong, the SSE shares and/or SZSE shares would not be deemed part of HKSCC's general assets available for distribution to creditors, even under PRC law. However, HKSCC is not required to take legal measures or initiate legal proceedings to enforce rights on behalf of investors in SSE shares and/or SZSE shares in mainland China. Foreign investors – such as the sub-fund in question – who invest through Stock Connect and hold SSE shares and/or SZSE shares via HKSCC are the beneficial owners of the assets and are therefore entitled to exercise their rights exclusively through the nominee.

#### **The Investor Compensation Fund**

Investments via Stock Connect are carried out using brokers and are subject to the risk of these brokers defaulting on the payment of their obligations. For payment defaults arising on or after 1 January 2020, the Hong Kong Investor Compensation Fund covers investor losses in relation to securities traded on a stock market operated by the SSE or SZSE and for which purchase or sale orders may be transmitted through the Northbound Link of a Stock Connect agreement. However, as the relevant sub-funds execute Northbound trades through securities brokers in Hong Kong but not through securities brokers in mainland China, they are not protected by the China Securities Investor Protection Fund in mainland China.

#### **Risk of quotas being used up**

Once the daily quotas for northbound and southbound transactions have been reached, acceptance of corresponding purchase orders will be immediately suspended and no further purchase orders will be accepted for the rest of the day. Purchase orders that have already been accepted are not affected in the event the daily quota is used up. Sell orders will continue to be accepted.

#### **Risk of payment default at ChinaClear**

ChinaClear has set up a risk management system, and has taken measures that have been approved by the China Securities Regulatory Commission ("CSRC") and are subject to its supervision. Under the general CCASS rules, should ChinaClear (as the central counterparty) not meet its obligations, HKSCC shall attempt, where applicable, in good faith to claim the outstanding Stock Connect securities and ChinaClear funds via the available legal channels available and during the winding up of ChinaClear.

HKSCC shall, in turn, distribute the Stock Connect securities and/or funds that can be reclaimed pro rata to qualified participants in accordance with the regulations of the competent Stock Connect authority. Investors should be aware of these regulations and the potential risk of a payment default by ChinaClear before investing in the sub-fund and its participation in northbound trading.

#### **Risk of HKSCC payment default**

Should HKSCC be delayed in fulfilling its obligations, or even fail to do so altogether, this could lead to settlement default or the loss of Stock Connect securities and/or associated funds. The sub-fund and its investors could incur losses as a result. Neither the sub-fund nor the Portfolio Manager is responsible or liable for such losses.

#### **Ownership of Stock Connect securities**

Stock Connect securities are unsecuritised and held by HKSCC on behalf of their holders. The physical deposit and withdrawal of Stock Connect securities are not available to the sub-fund under northbound trading.

The ownership and ownership rights of the sub-fund and entitlements to Stock Connect securities (regardless of the legal nature thereof, in equity jurisprudence or otherwise) are subject to the applicable requirements, including the laws on the disclosure of interests and the restrictions on foreign share ownership. It is unclear whether the Chinese courts recognise investors and would grant them standing to initiate legal proceedings against Chinese companies in the event of disputes. This is a complex legal area and investors should seek independent professional advice.

#### **d) Risks relating to suspension of trading on Chinese stock markets**

Securities exchanges in the PRC typically have the right to suspend or limit trading in any security traded on the relevant exchange. In particular, trading band limits for A shares are imposed by the stock exchanges, meaning that trading in A shares on the relevant stock exchange may be suspended if the trading price of the security fluctuates beyond the trading band limit. Such a suspension would make it impossible to trade in the existing positions and would potentially expose the sub-fund to losses. Further, when the suspension is subsequently lifted, it may not be possible for the sub-fund to liquidate positions at a favourable price, which could also entail losses for the sub-fund.

#### **e) Investment restrictions**

Since, under the provisions in force in the PRC, there are limits on the total amount of shares in any one company listed in the PRC that may be held by all underlying foreign investors and/or a single foreign investor, the capacity of the sub-fund to make investments in A shares will be affected by the activities of all underlying foreign investors. It will be difficult in practice for the Portfolio Manager in its capacity as QFI to monitor the investments of the underlying foreign investors, since an investor may make investment through various QFIs or other permitted channels.

#### **f) Disclosure of interests and short-swing profit rule**

Under the disclosure of interest provisions in force in the PRC, the sub-fund may be deemed to be acting in concert with other funds or sub-funds managed within the Portfolio Manager's group or a substantial shareholder of the Portfolio Manager's group, and therefore may be subject to the risk that the sub-fund's holdings may have to be reported along with the holdings of such other funds or sub-funds mentioned above, if the aggregate holdings reach the reporting threshold under PRC law (currently 5% of the total number of issued shares of the relevant company listed in the PRC). This may disclose the sub-fund's holdings to the public with an adverse impact on the performance of the sub-fund.

In addition, subject to the interpretation of the courts and supervisory authorities in the PRC, the short-swing profit rule applicable in the PRC may apply to the sub-fund's investments with the result that where the holdings of the sub-fund (possibly, along with the holdings of other investors deemed to form an investor group together with the sub-fund) exceed 5% of the total number of issued shares of a company listed in the PRC, the sub-fund may not reduce its holdings in that company within six months of the last purchase of shares of that company. If the sub-fund violates this rule and sells any of its shareholding in that company in the six-month period, it may be required by the listed company to return to the listed company any profits made on the trade. Moreover, under PRC civil law, the sub-fund's assets may be frozen up to the amount of the claims made by that company. These risks may greatly impair the performance of the sub-fund.

#### **g) RMB currency risk**

The risk associated with state currency control in the PRC and future movements in exchange rates may adversely affect the operations and financial results of companies in which the sub-fund invests. RMB is not a freely convertible currency and is subject to foreign exchange control policies and repatriation restrictions imposed by the PRC government. If such policies or restrictions change in the future, the position of the sub-fund or its investors may be adversely affected.

No guarantee can be given that conversion will not become more difficult or impossible, or that the RMB will not be subject to devaluation, revaluation or short supply. There is no guarantee that RMB will not depreciate.

#### **h) Fixed-income securities risks**

Investment in the Chinese debt instruments market may be subject to higher volatility and stronger price fluctuations than investment in debt instruments in more-developed markets.

RMB-denominated debt instruments can be issued by a variety of issuers inside or outside the PRC. These issuers may have different risk profiles and their rating may vary. RMB-denominated debt instruments are generally unsecured debt instruments not backed by any collateral. As an unsecured creditor, the sub-fund may be fully exposed to the credit/insolvency risk of its counterparties.

Changes in the macroeconomic policies of the PRC (i.e. monetary policy and fiscal policy) will have an influence over capital markets and affect the pricing of the debt instruments and, thus, the returns of the sub-fund. The value of RMB-denominated debt instruments held by the sub-fund will run counter to changes in interest rates and such changes may affect the value of the sub-fund's assets accordingly.

RMB-denominated debt instruments are subject to the risk of mispricing or improper valuation, i.e. operational risk that the debt instruments are incorrectly priced. Valuations are based primarily on the valuations from independent third-party sources, provided prices are available; therefore, there may be some uncertainty surrounding valuations at times, and a sound calculation and independent pricing information may not be available at all times.

Many debt instruments in the PRC do not have a rating assigned by an international credit rating agency. The credit rating system in the PRC is still at an early stage of development; there is no standard credit rating methodology for valuing assets, and the same rating scale may have different meanings in different agencies. The assigned ratings may not reflect the actual financial strength of the valued asset.

A worsening financial situation or the downgrade of an issuer's credit rating may lead to higher volatility and adversely affect the price of the corresponding debt instruments denominated in RMB. In turn, this can have a negative effect on the liquidity, meaning that it becomes harder to sell these debt instruments.

Under the provisions in force in the PRC and according to the investment objective of the sub-fund, the assets of the sub-fund may be invested in unrated or low-rated debt instruments, which are subject to greater risk of loss of principal and interest income than higher rated debt instruments.

#### **i) Risk of investing in other undertakings with exposure to PRC securities**

The sub-fund will be subject to the same types of risks as the other undertakings in proportion to its holdings of those specific underlying funds. Different underlying funds in which the sub-fund invests have different underlying investments. The risks associated with such underlying investments, in particular with exposure to PRC securities, would be similar to the risks as set out above.

#### **j) Risk information on investments traded on the CIBM**

The bond market in mainland China comprises the interbank bond market and the listed bond market. The China Interbank Bond Market (“**CIBM**”) was established in 1997 as an over-the-counter (“OTC”) market, and it accounts for 90% of all bond trades in China. Primarily, government bonds, corporate bonds, bonds issued by state-owned banks and medium term debt instruments are traded on this market.

The CIBM is undergoing a phase of development and internationalisation. Market volatility and a potential lack of liquidity due to low trade volumes can lead to dramatic fluctuations in certain debt securities traded on this market. Sub-funds that invest in this market are therefore exposed to liquidity and volatility risk, and may suffer losses from mainland Chinese bond trades. In particular, the bid and offer spread of mainland Chinese bonds may be wide, and selling such investments may thus generate considerable trading and realisation costs for the sub-fund in question. The sub-fund may also incur risks in connection with settlement processes and counterparty default. It is possible that the sub-fund may enter into transactions with counterparties who are then unable to fulfil their obligations by delivering or paying for the appropriate securities.

The CIBM is also subject to regulatory risk.

#### **k) risk information on investments traded on the CIBM via the Northbound Trading Link through Bond Connect**

Bond Connect is a new scheme that was introduced in July 2017 to enable mutual bond market access between Hong Kong and mainland China (“Bond Connect”). It was set up by the China Foreign Exchange Trade System & National Interbank Funding Centre (“CFETS”), the China Central Depository & Clearing Co. Ltd (“CCDC”), the Shanghai Clearing House (“SCH”), the Hong Kong Stock Exchange (“HKEx”) and the Central Moneymarkets Unit (“CMU”). In accordance with the applicable regulations in mainland China, eligible foreign investors may invest in bonds on the CIBM via the Bond Connect Northbound Trading Link. No investment quotas are imposed under the Northbound Trading Link. As part of the Northbound Trading Link, eligible foreign investors must appoint the CFETS or another institution recognised by the People’s Bank of China (“PBC”) as registrar; this will enable them to register with the PBC.

The Northbound Trading Link uses trading platforms outside mainland China that are connected to the CFETS, allowing eligible foreign investors to submit their trade orders for bonds on the CIBM through Bond Connect. The HKEx and the CFETS work with electronic offshore bond trading platforms in order to provide electronic trading services and platforms that enable direct trade between eligible foreign investors and eligible onshore traders in mainland China via the CFETS.

Eligible foreign investors can submit trade orders for bonds on the CIBM via the Northbound Trading Link, which is made available through electronic offshore bond trading platforms such as Tradeweb and Bloomberg. These platforms then submit investors’ requests for quotes to the CFETS. The CFETS sends the requests for quotes to a range of eligible onshore traders (including market makers and other brokers in the market making business) in mainland China. The eligible onshore traders respond to the requests for quotes via the CFETS, which then sends the responses to the eligible foreign investors through the same electronic offshore bond trading platforms. If an eligible foreign investor accepts the offer, the trade is closed on the CFETS.

Meanwhile, the settlement and custody of bonds traded on the CIBM through Bond Connect is carried out via the settlement and custody link between the CMU as the offshore depository and the CCDC and SCH as the onshore depositories and clearing houses in mainland China. Under the settlement link, the CCDC or the SCH settles confirmed trades onshore on a gross basis, while the CMU processes the bond settlement instructions from CMU members on behalf of the eligible foreign investors and in accordance with the applicable rules.

In accordance with the applicable regulations in mainland China, the CMU, as the offshore depository recognised by the Hong Kong Monetary Authority (“HKMA”), opens nominee accounts with the onshore depository recognised by the PBC (i.e. the CCDC and Hong Kong Interbank Clearing Limited). All bonds held by eligible foreign investors are registered in the name of the CMU, which will be the nominee holder of the bonds.

#### **Segregation of assets**

Under Bond Connect, assets are maintained by the onshore and offshore central securities depositories (“CSD”) at three rigidly divided levels. Investors who trade through Bond Connect are required to hold their bonds in a separate account maintained by the offshore depository in the name of the end investor. Bonds acquired through Bond Connect are held in onshore accounts at the CCDC in the name of the HKMA. Ultimately, the investors are the beneficial owners of the bonds by means of a segregated account structure with the CMU in Hong Kong.

#### **Clearing and settlement risk**

The CMU and the CCDC have established a clearing network, where each is a clearing member of the other. This helps facilitate the clearing and settlement of cross-border transactions. In cross-border transactions initiated in one of the markets, the clearing house in that market clears/settles the transaction with their own clearing members; at the same time, it undertakes to fulfil the clearing and settlement obligations of its clearing members towards the counterparty’s clearing house. As the national central counterparty for the PRC’s securities market, the CCDC operates a comprehensive bond clearing, settlement and custody network. The CCDC has established a risk management framework and measures that have been approved by the PBC and that are subject to monitoring. The risk of default by the CCDC is considered extremely low. Under its agreements with the clearing members, in the unlikely event that the CCDC defaults, the CMU’s obligations in relation to Bond Connect bonds are limited to helping the clearing members assert their claims against the CCDC. The CMU will make every effort to recover the outstanding bonds and sums from the CCDC in good faith via the available legal channels, or by liquidating the

CCDC. In this event, the relevant sub-fund may experience delays in recovering these sums. Under certain circumstances, it may be unable to fully recover its losses from the CCDC.

#### Regulatory risk

Bond Connect is a new concept. The current provisions have therefore not been tested yet and there is no certainty as to how they will be implemented in practice. In addition, the current regulations may be subject to changes (that may apply retroactively), and there is no guarantee that the Bond Connect scheme will be permanent. Over time, the supervisory authorities in the PRC and Hong Kong may introduce new regulations in connection with business activities, the legal enforcement of claims and cross-border transactions under Bond Connect. Such changes may have a negative effect on the relevant sub-fund. Macroeconomic policy reforms and changes (e.g. to monetary and fiscal policy) may affect interest rates. This can have an adverse impact on the prices and returns of bonds held in the portfolio.

#### Foreign exchange risk

Sub-funds whose base currency is not the RMB may also be exposed to currency risk, as investments in bonds traded on the CIBM through Bond Connect must be converted into RMB. These currency conversions may also incur conversion costs for the relevant sub-fund. The exchange rate may be subject to fluctuation; if the RMB is devalued, the relevant sub-fund may experience losses when converting their gains from the sale of CIBM bonds into their base currency.

Further information on Bond Connect can be found online at <http://www.chinabondconnect.com/en/index.htm>.

#### **Investments in UCIs and UCITS**

Sub-funds, which have invested at least half of their assets in existing UCIs and UCITS in accordance with their special investment policies, are structured as a fund of funds.

The general advantage of a fund of funds over funds investing directly is the greater level of diversification (or risk spreading). In a fund of funds, portfolio diversification extends not only to its own investments because the investment objects (target funds) themselves are also governed by the stringent principles of risk diversification. A fund of funds enables the investor to invest in a product that spreads its risks on two levels and thereby reduces the risks inherent in the individual investment objects, with the investment policy of the UCITS and UCIs in which most investments are made being required to accord as far as possible with the Company's investment policy. The Company additionally permits investment in a single product, by which means the investor gains an indirect investment in numerous securities.

Certain fees and charges may be incurred more than once when investing in existing funds (such as Depositary and central administrative agent fees, management/advisory fees and issuing/redemption charges of the UCI and/or UCITS in which the investment is made). Such commission payments and expenses are charged at the level of the target fund as well as of the fund of funds.

The sub-funds may also invest in UCIs and/or UCITS managed by UBS Fund Management (Luxembourg) S.A. or by a company linked to UBS Fund Management (Luxembourg) S.A. through common management or control, or through a substantial direct or indirect holding. In this case, no issuing or redemption charge will be charged on subscription to or redemption of these units. The double charging of commission and expenses referred to above does, however, remain.

The section titled "Expenses paid by the Company" presents the general costs and expenses associated with investing in existing funds.

#### **Risks connected with the use of ABS/MBS**

Investors are advised that investing in ABS, MBS and CMBS may involve higher complexity and lower transparency. These products involve exposure in a pool of receivables (for ABS, these receivables may be car or student loans or other receivables based on credit card agreements; for MBS or CMBS, they are mortgages), with the receivables issued by an institution founded exclusively for this purpose and which is independent from the lender of the receivables in the pool from a legal, bookkeeping and economic perspective. The payment flows from the underlying receivables (including interest, repayment of receivables and any unscheduled repayments) are passed on to the investors in the products. These products include various tranches subject to a hierarchy. This structure determines the order of repayments and any unscheduled special repayments within the tranches. If interest rates rise or fall, investors are subject to a higher or lower repayment or reinvestment risk if the unscheduled special repayments for the underlying receivables increase or decrease due to better or worse refinancing options for the debtors.

The average term of sub-fund investments in ABS/MBS often differs from the maturity date set for the bonds. The average term is generally shorter than the final maturity date and depends on the dates of repayment flows, which are normally based on the structure of the security and the priority of cash inflows and/or borrower's behaviour in respect of refinancing, repayment and default.

ABS/MBS originate from different countries with differing legal structures. ABS/MBS may be investment grade, non-investment grade or have no rating.

#### **Risks connected with the use of CDOs/CLOs**

Investors are advised that some sub-funds may invest in certain kinds of asset-backed securities known as collateralised debt obligations (**CDOs**) or, where the underlying assets are loans, collateralised loan obligations (**CLOs**). CLOs and CDOs are typically structured in several tranches with different priorities, with the most senior tranche being the first served from principal and interest payments from the underlying asset pool, then the next most senior, and so forth down to the most junior tranche (the equity tranche), which is the last served from principal repayments and interest. CDOs/CLOs can be seriously disadvantaged by a drop in the value of their underlying assets. In addition, their complex structure can make them difficult to value, and their performance in different market scenarios difficult to predict.

### **Risks connected with the use of CoCos**

A CoCo is a hybrid bond that, according to the relevant specific conditions, can either be converted into equity capital at a predetermined price, written off, or written down in value as soon as a predefined trigger event occurs. A sub-fund investing in CoCos may be subject to industry concentration risk. Concentration in investments at certain times in large positions and in a relatively limited number of securities, sectors or regions will make the concerned sub-fund more subject to the risks associated with such concentration. The relevant sub-fund could be subject to significant losses if it holds a relatively large position in a single strategy, issuer, industry, market or a particular type of securities that declines in value and the losses could increase even further if the investments cannot be liquidated without adverse market reaction or are otherwise adversely affected by changes in market conditions or circumstances.

The use of CoCos gives rise to structure-specific risks including liquidity risk and conversion risk. In some cases, the issuer may arrange to convert convertible securities into ordinary shares. If convertible securities are converted into ordinary shares, the Company may hold these ordinary shares in its portfolio, even if it does not usually invest in such shares.

CoCos are also subject to trigger level risk. These trigger levels vary and determine the degree of conversion risk, depending on the difference between the trigger level and the capital ratio. The Portfolio Manager of the sub-fund may find it difficult to foresee the triggers that would require the debt security to be converted into equity capital.

In addition, CoCos are subject to capital structure inversion risk. In the issuer's capital structure, CoCos are generally classed as subordinate in relation to traditional convertible bonds. In some cases, investors in CoCos may suffer a capital loss, while shareholders are only affected later or not at all.

It should also be noted that the use of CoCos is subject to return or valuation risk. The valuation of CoCos is influenced by many unforeseeable factors, e.g. the creditworthiness of the issuer and fluctuations in their capital ratios, the supply and demand for CoCos, the general market conditions and the available liquidity, or economic, financial and political events that have an impact on the issuer, the market in which they operate, or the financial markets in general.

Furthermore, CoCos are subject to the risk of coupon payment suspensions. Coupon payments on CoCos are at the discretion of the issuer, who may suspend such payments at any time and for whatever reason, for an indefinite period. The arbitrary suspension of payments is not deemed as payment default. It is not possible to call for the reintroduction of coupon payments or the subsequent payment of suspended payments. Coupon payments may also be subject to approval by the supervisory authority of the issuer, and may be suspended if insufficient distributable reserves are available. As a result of the uncertainty regarding coupon payments, CoCos are volatile. A suspension of coupon payments may result in drastic price drops.

CoCos are also subject to a call extension risk. CoCos are perpetual instruments and may only be terminated on predetermined dates after approval by the competent supervisory authority. There is no guarantee that the capital that the sub-fund has invested in CoCos will be returned.

Finally, CoCos are subject to unknown risk, since these instruments are relatively new and, as a result, the market and the regulatory environment for these instruments are still evolving. It is therefore uncertain how the CoCo market overall would react to a trigger or a coupon suspension relating to an issuer.

### **Use of derivatives**

The Company may use derivative financial instruments in connection with all sub-funds, subject to the restrictions stipulated in Section 2 titled "Risk diversification". Derivative financial instruments are instruments that derive their value from other finance instruments (underlyings).

Derivatives may be conditional or unconditional. Conditional derivatives (contingent claims) are those that give a party to the legal transaction the right, but not the obligation, to use a derivative instrument (e.g. an option). Unconditional derivatives (futures) impose the obligation on both parties to provide the service owed at a specific time defined in the contract (e.g. forwards, futures, swaps).

The derivatives are traded on stock exchanges (exchange-traded derivatives), as well as over the counter (OTC derivatives). For derivatives traded on a stock exchange, the stock exchange itself is one of the parties in each transaction. These transactions are cleared and settled through a clearing house (clearing agent). OTC derivatives are entered into directly by two parties, whereas exchange-traded derivatives are entered into using a middleman. Derivatives used by the sub-fund may include futures contracts (e.g. on equities, indices, volatility), options (e.g. on equities, interest rates, indices, bonds, currencies, commodities indices, swaps, volatility, futures, inflation or other instruments), forward contracts (including currency contracts), swaps (e.g. total return swaps, currency swaps, commodities index swaps, interest rate swaps, dividend swaps, swaps on equity baskets, volatility swaps and variance swaps), credit derivatives (including credit default derivatives, **CDS** and credit spread derivatives), warrants and structured derivatives such as credit-linked and equity-linked securities.

Derivative transactions (e.g. credit derivatives), may be used to hedge the default risk associated with a third party. To do this, the parties may participate in transactions such as CDS, in which the seller compensates the losses of the buyer associated with the default of a third party and, in return, receives a recurring premium from the buyer. This compensation may be provided through the delivery of defined securities or cash payments. This type of derivative transaction is similar to insurance and can be entered into by any sub-fund, either as a buyer or seller. Credit derivatives may thus be used by sub-funds for hedging (from the buyer's point of view) or investment (from the seller's point of view) purposes. Since 2014, CDS have been settled through a central clearing house.

### **Risks connected with the use of derivatives**

Investments in derivatives are subject to general market risk, settlement risk, credit risk, volatility risk and liquidity risk.

However, these risks may be altered as a result of the special features of the derivative financial instruments, and may in some cases be higher than the risks associated with an investment in the underlying instruments.

For this reason, the use of derivatives requires not only an understanding of the underlying assets, but also in-depth knowledge of the derivatives themselves.

The credit risk associated with derivatives is the risk that a party may not meet (or cannot meet) its obligations under a specific or multiple contracts. The credit risk for derivatives traded on a stock exchange is, generally speaking, lower than that of OTC



derivatives traded on the open market, because the clearing agent that acts as counterparty of every exchange-traded derivative (see above) accepts a settlement guarantee. To reduce the overall risk of default, the guarantee is supported by a daily payment system maintained by the clearing agent, in which the assets required for cover are calculated (see below). Despite derivatives not possessing any such settlement guarantee, their default risk is generally limited by the investment restrictions set out in the section titled "Investment principles", sub-section "Risk diversification". Even in cases where the difference between the mutually owed payments (e.g. interest rate swaps, total return swaps) is owed, as opposed to the delivery or exchange of the underlying assets (e.g. options, forwards, credit default swaps), the Company's potential loss is limited to this difference in the event of default by the counterparty.

Credit risk can be reduced by depositing collateral. To trade derivatives on a stock exchange, participants must deposit collateral with a clearing agent in the form of liquid funds (initial margin). The clearing agent will evaluate (and settle, where appropriate) the outstanding positions of each participant, as well as re-evaluate the existing collateral on a daily basis. If the collateral's value falls below a certain threshold (maintenance margin), the participant in question will be required by the clearing agent to bring this value up to its original level by paying in additional collateral (variation margin). With OTC derivatives, this credit risk can also be reduced through the provision of collateral by the respective counterparty (see below), through the offsetting of various derivative positions entered into with this counterparty, as well as through application of a careful selection process for counterparties (see the section titled "Investment principles", sub-section "Permitted investments of the Company", point 1.1(g), indent 4).

The prices of financial derivatives can be extremely volatile, since even small changes in the price of the underlying assets such as securities, indices, interest rates or currencies can cause significant fluctuations in the price of the financial derivative. Investing in financial derivatives may result in a loss that exceeds the initial investment.

Liquidity risks are another factor, as it may be difficult to buy or sell certain instruments. When derivative transactions are particularly large, or the corresponding market is illiquid (as may be the case with OTC derivatives on the open market), it may in some cases not always be possible to fully execute a transaction, or else it may only be possible to liquidate a position subject to increased costs.

Other risks associated with the use of derivatives include the risk of incorrectly valuing or determining the price of derivatives. There is also the possibility that derivatives may not completely correlate with their underlying assets, interest rates or indices. Many derivatives are complex and are frequently subjectively valued. Inappropriate valuations can result in higher cash payment requirements in relation to counterparties or in a loss of value for the relevant sub-fund.

### Swap Agreements

A sub-fund may enter into swap agreements (including total return swaps and contracts for differences) with respect to various underlyings, including currencies, interest rates, securities, collective investment schemes and indices. A swap is a contract under which one party agrees to provide the other party with something, for example a payment at an agreed rate, in exchange for receiving something from the other party, for example the performance of a specified asset or basket of assets. A sub-fund may use these techniques for example to protect against changes in interest rates and currency exchange rates. A sub-fund may also use these techniques to take positions in or protect against changes in securities indices and specific securities prices. In respect of currencies, a sub-fund may utilise currency swap contracts where the sub-fund may exchange currencies at a fixed rate of exchange for currencies at a floating rate of exchange or vice versa. These contracts allow a sub-fund to manage its exposures to currencies in which it holds investment but also to obtain opportunistic exposure to currencies. For these instruments, the sub-fund's return is based on the movement of currency exchange rates relative to a fixed currency amount agreed by the parties.

In respect of interest rates, a sub-fund may utilise interest rate swap contracts where the sub-fund may exchange a fixed rate of interest against a variable rate (or the other way round). These contracts allow a sub-fund to manage its interest rate exposures. For these instruments, the sub-fund's return is based on the movement of interest rates relative to a fixed rate agreed by the parties. The sub-fund may also utilise caps and floors, which are interest rate swap contracts in which the return is based only on the positive (in the case of a cap) or negative (in the case of a floor) movement of interest rates relative to a fixed rate agreed by the parties.

In respect of securities and securities indices a sub-fund may utilise total return swap contracts where the sub-fund may exchange interest rate cash flows for cash flows based on the return of, for example, an equity or fixed income instrument or a securities index. These contracts allow a sub-fund to manage its exposures to certain securities or securities indices. For these instruments, the sub-fund's return is based on the movement of interest rates relative to the return on the relevant security or index. The sub-fund may also use swaps in which the sub-fund's return is relative to the volatility of price of the relevant security (a volatility swap, which is a forward contract whose underlying is the volatility of a given product. This is a pure volatility instrument allowing investors to speculate solely upon the movement of a stock's volatility without the influence of its price) or to the variance (the square of the volatility) (a variance swap which is a type of volatility swap where the payout is linear to variance rather than volatility, with the result that the payout will rise at a higher rate than volatility).

Where a sub-fund enters into total return swaps (or invests in other financial derivative instruments with the same characteristics) it will only do so on behalf of the sub-fund with counterparties that are entities with legal personality, typically located in OECD jurisdictions. These counterparties will be subject to a credit assessment. Where the counterparty is subject to a credit rating by any agency registered and supervised by ESMA, that rating shall be taken into account in the credit assessment. Where a counterparty is downgraded to A2 or below (or comparable rating) by such a credit rating agency, a new credit assessment in respect of the counterparty will be undertaken without delay. Subject to compliance with those conditions, the Portfolio Manager has full discretion as to the appointment of counterparties when entering into total return swaps in furtherance of the relevant sub-fund's investment objective and policies.

A credit default swap ("CDS") is a derivative instrument which is a mechanism for transferring and transforming credit risk between purchaser and seller. The protection buyer purchases protection from the protection seller for losses that might be incurred as a result of a default or other credit event in relation to an underlying security. The protection buyer pays a premium for the protection and the protection seller agrees to make a payment to compensate the protection buyer for losses incurred

upon the occurrence of any one of a number of possible specified credit events, as set out in the CDS agreement. In relation to the use of CDS, the sub-fund may be a protection buyer and/or a protection seller. A credit event is an event linked to the deteriorating credit worthiness of an underlying reference entity in a credit derivative. The occurrence of a credit event usually triggers full or partial termination of the transaction and a payment from protection seller to protection buyer. Credit events include, but are not limited to, bankruptcy, failure to pay, restructuring, and obligation default.

#### **Insolvency risk on swap counterparties**

Margin deposits made in relation to swap contracts will be held with brokers. Though there are provisions in the structure of these contracts intended to protect each party against the insolvency for the other, these provisions may not be effective. This risk will further be mitigated by the exclusive choice of reputable swap counterparties.

#### **Potential illiquidity of exchange traded instruments and swap contracts**

It may not always be possible for the Company to execute a buy or sell order on exchanges at the desired price or to liquidate an open position due to market conditions including the operation of daily price fluctuation limits. If trading on an exchange is suspended or restricted, the Company may not be able to execute trades or close out positions on terms which the Portfolio Manager believes are desirable.

Swap contracts are over-the-counter contracts with a single counterparty and may as such be illiquid. Although swap contracts may be closed out to realise sufficient liquidity, such closing out may not be possible or very expensive for the Company in extreme market conditions.

#### **Liquidity risk**

A sub-fund may invest in securities that subsequently prove difficult to sell due to reduced liquidity. This may have a negative effect on their market price and consequently on the sub-fund's net asset value. The reduced liquidity of these securities may be due to unusual or extraordinary economic or market events, such as a deterioration in the credit rating of an issuer or the lack of an efficient market. In extreme market situations, there may be few willing buyers and it may not be easy to sell the investments at the chosen time; in addition, these sub-funds may have to agree to a lower price in order to sell the investments, or they may not be able to sell the investments at all. Trading in certain securities or other instruments may be suspended or restricted by the relevant exchange or by a governmental or regulatory body, which may cause the sub-fund to incur a loss. The inability to sell a portfolio position may have a disadvantageous effect on the value of these sub-funds or prevent them from being able to exploit other investment opportunities. In order to meet redemption requests, these sub-funds may be forced to sell investments at unfavourable times and/or on unfavourable terms.

#### **Bonds**

Bonds are subject to actual and perceived measures of creditworthiness. Bonds, and in particular high-yield bonds, may be impaired by negative headlines and an unfavourable perception on the part of investors; such perceptions may not be based on a fundamental analysis, and may have a negative effect on the value and liquidity of the bond.

#### **High-yield bonds**

Investing in debt instruments involves interest-rate, sector, security and credit risk. Compared with investment-grade bonds, high-yield bonds generally attract a lower rating and usually offer higher yields in order to offset the lower credit rating or higher default risk associated with these securities. High-yield bonds involve a greater risk of capital erosion through default or in the case of an effective interest rate that is below the current rate of interest. Economic conditions and changes in the level of interest rates may have a considerable impact on the value of these bonds. In addition, high-yield bonds may be exposed to greater credit or default risk than bonds with a high rating. These bonds tend to react more to developments affecting market and credit risk than securities with a higher rating. The value of high yield bonds may be negatively affected by overall economic conditions, such as an economic downturn or a period of rising interest rates. High-yield bonds may be less liquid and more difficult to sell or value at a favourable point in time or price than bonds with a higher rating. In particular, high-yield bonds are often issued by smaller, less creditworthy and more indebted companies that are generally less able to pay capital and interest on schedule than financially sound companies.

#### **Subordinated debt instruments**

Some sub-funds may invest in subordinated debt instruments. In the event of issuer insolvency, subordinated debt instruments are repaid after more senior debt instruments. Due to the fact that subordinated debt instruments are not repaid until after senior debt instruments, there is less chance of receiving any payment at all in the event of issuer insolvency. Therefore, subordinated debt instruments result in a higher degree of risk for the investor.

#### **The risk associated with small and mid-caps**

Certain sub-funds invest in small and mid-caps. Investments in the securities of small, less well-known companies carry a higher degree of risk and the possibility of greater price volatility than investments in larger, more mature and more well-known companies. The value of the shares of small companies may fluctuate independently of the share prices of large companies and the wider stock market indices. Reasons include their somewhat more uncertain growth prospects, the lower market liquidity for such shares and their greater vulnerability in the event of changes in the market situation. For example, a higher business risk is associated with small and limited product lines, markets, channels of distribution as well as financial and management resources.

#### **Risks connected with the use of alternative investment strategies**

Alternative investment strategies differ from traditional investments. In addition to the customary market, credit and liquidity risks, these investments entail additional risk potential. Alternative investment instruments invest worldwide in various capital

markets and financial instruments that can prove to be very volatile. Political uncertainty, fiscal policy measures, foreign exchange restrictions or changes to the law concerning foreign ownership can also negatively impact the value of commitments and the income generated by them. The prices and liquidity of instruments whose performance is linked to that of alternative investments (e.g. certificates) may be influenced by the characteristics of these underlying alternative investments. For example, these may take out loans in order to make additional investments or enter into similar positions via derivatives ("leverage"). In this way, they may profit from falling prices, but also experience losses in the event of rising prices. This may lead to increased fluctuations in value. These may not be in line with the general market performance. If the fund invests in instruments whose performance is linked to that of alternative investments (e.g. certificates), the price performance and liquidity of these investments may have a significant impact on the price performance and liquidity of said instruments. The Portfolio Manager therefore staggers larger transactions in such instruments, often over an extended period of time, or coordinates them as closely as possible with the subscription/redemption cycle of the underlying instruments in order to reduce any negative effects on the transaction price. As a result, the portion of alternative investments in the Fund may fluctuate considerably.

#### **Risks connected with the use of certificates**

A certificate is typically issued for a fixed issue amount or a fixed number of certificates and with a specific term. Generally, this amount may later be increased or reduced and the term extended. The issuer of a certificate also generally organises secondary market trading for such certificates on a "best-effort" basis. On this market, the certificates may be traded based on supply and demand. The issuer or arranger may also participate in trading on the secondary market. The net asset value of a certificate is calculated on the basis of predefined formulae and is typically derived from the performance of one or more other investment instruments or indices. It is regularly reviewed by the administrative agent. The price obtained through trade on the secondary market can differ significantly from the net asset value. Furthermore, it cannot be guaranteed that counterparties to a transaction may be found on the secondary market at all times.

#### **Risks connected with the use of efficient portfolio management techniques**

A sub-fund may enter into repurchase agreements and reverse repurchase agreements as a buyer or as a seller subject to the conditions and limits set out in Section 5 entitled "Special techniques and instruments with securities and money market instruments as underlying assets". If the other party to a repurchase agreement or reverse repurchase agreement should default, the sub-fund might suffer a loss to the extent that the proceeds from the sale of the underlying securities and/or other collateral held by the sub-fund in connection with the repurchase agreement or reverse repurchase agreement are less than the repurchase price or, as the case may be, the value of the underlying securities. In addition, in the event of bankruptcy or similar proceedings of the other party to the repurchase agreement or reverse repurchase agreement or its failure otherwise to perform its obligations on the repurchase date, the sub-fund could suffer losses, including loss of interest on or principal of the security and costs associated with delay and enforcement of the repurchase agreement or reverse repurchase agreement.

A sub-fund may enter into securities lending transactions subject to the conditions and limits set out in Section 5 entitled "Special techniques and instruments with securities and money market instruments as underlying assets". Securities lending transactions involve counterparty risk, including the risk that the securities lent cannot be returned or redeemed on time. If the borrower of securities fails to return the securities lent by a sub-fund, there is a risk that the collateral received may be realised at a lower value than the securities lent, whether due to inaccurate pricing of the collateral, adverse market movements, a deterioration in the creditworthiness of the collateral issuer, illiquidity of the market on which the collateral is traded, negligence or insolvency of the custodian holding collateral or termination of legal agreements, e.g. due to insolvency, which adversely affects the performance of the sub-fund. If the other party to a securities lending transaction should default, the sub-fund might suffer a loss to the extent that the proceeds from the sale of the collateral held by the Company in connection with the securities lending transaction are less than the value of the securities lent. In addition, in the event of the bankruptcy or similar proceedings of the other party to the securities lending transaction or its failure to return the securities as agreed, the sub-fund could suffer losses, including loss of interest on or principal of the securities and costs associated with delay and enforcement of the securities lending agreement.

The sub-funds will only use repurchase agreements, reverse repurchase agreements or securities lending transactions for the purpose of either reducing risks (hedging) or generating additional capital or income for the relevant sub-fund. When using such techniques, the sub-fund will comply at all times with the provisions set out in Section 5 entitled "Special techniques and instruments with securities and money market instruments as underlying assets". The risks arising from the use of repurchase agreements, reverse repurchase agreements and securities lending transactions will be closely monitored and techniques (including collateral management) will be employed to seek to mitigate those risks. Although it is expected that the use of repurchase agreements, reverse repurchase agreements and securities lending transactions will generally not have a material impact on a sub-fund's performance, the use of such techniques may have a significant effect, either negative or positive, on a sub-fund's net asset value.

#### **Exposure to securities financing transactions**

The sub-funds' exposure to total return swaps, repurchase agreements/reverse repurchase agreements and securities lending transactions is set out below (in each case as a percentage of Net Asset Value):

Sub-fund	Total Return Swaps		Repurchase agreements/reverse repurchase agreements		Securities Lending	
	Expected	Maximum	Expected	Maximum	Expected	Maximum
UBS (Lux) Key Selection SICAV – Asian Equities (USD)	0%	15%	0%	25%	0%-40%	50%

UBS (Lux) Key Selection SICAV – Asian Global Strategy Balanced (USD)	0%–10%	25%	0%–10%	10%	25%	50%
UBS (Lux) Key Selection SICAV – China Allocation Opportunity (USD)	0%–10%	50%	0%–10%	10%	25%	75%
UBS (Lux) Key Selection SICAV – China Equity Unconstrained (USD)	0%–100%	200%	0%	25%	0%-60%	75%
UBS (Lux) Key Selection SICAV – Credit Income Opportunities (USD)	0%–20%	40%	0%–20%	30%	15%	50%
UBS (Lux) Key Selection SICAV – Digital Transformation Dynamic (USD)	0%–30%	50%	0%	25%	0%-40%	50%
UBS (Lux) Key Selection SICAV – Digital Transformation Themes (USD)	0%	15%	0%	25%	0%-40%	50%
UBS (Lux) Key Selection SICAV – Dynamic Alpha (USD)	0%–10%	50%	0%	10%	45%	75%
UBS (Lux) Key Selection SICAV – Asia Allocation Opportunity (USD)	0%–10%	50%	0%	10%	40%	75%
UBS (Lux) Key Selection SICAV – European Equity Sustainable Leaders (EUR)	0%	15%	0%	25%	0-40%	50%
UBS (Lux) Key Selection SICAV – European Equity Value Opportunity (EUR)	0%	15%	0%	25%	0%-40%	50%
UBS (Lux) Key Selection SICAV – European Growth and Income (EUR)	0%–10%	50%	0%	10%	30%	50%
UBS (Lux) Key Selection SICAV – Global Allocation (CHF)	0%–10%	50%	0%	10%	60%	75%
UBS (Lux) Key Selection SICAV – Global Allocation (EUR)	0%–10%	50%	0%	10%	40%	75%
UBS (Lux) Key Selection SICAV – Global Allocation (USD)	0%–10%	50%	0%	10%	60%	75%
UBS (Lux) Key Selection SICAV – Multi Strategy Alternatives (EUR)	0%	15%	0%	10%	0%	0%
UBS (Lux) Key Selection SICAV – Global Equities (USD)	0%	15%	0%	25%	0%-40%	50%
UBS (Lux) Key Selection SICAV – Global Multi Income (USD)	0%–10%	50%	0%	10%	15%	50%
UBS (Lux) Key Selection SICAV – Turnaround Equity Opportunities (USD)	0%	15%	0%	25%	0-40%	50%
UBS (Lux) Key Selection SICAV – Systematic Allocation Portfolio Equity (USD)	0%–10%	100%	0%	10%	15%	50%
UBS (Lux) Key Selection SICAV – Climate Diversified (EUR)	0%–10%	25%	0%	10%	50%	75%
UBS (Lux) Key Selection SICAV – European Financial Debt Sustainable (EUR)	0%–10%	50%	0%	10%	15%	50%

### Risk management

Risk management in accordance with the commitment approach and the value-at-risk approach is carried out pursuant to the applicable laws and regulatory provisions. Pursuant to CSSF circular 14/592 (on the ESMA guidelines on ETFs and other UCITS issues), the risk management procedure will also be applied within the scope of collateral management (see section entitled “Collateral management” below) and the techniques and instruments for the efficient management of the portfolio (see Section 5 entitled “Special techniques and instruments with securities and money market instruments as underlying assets”).

### Leverage

The leverage for UCITS using the **value-at-risk (“VaR”) approach** is defined pursuant to CSSF circular 11/512 as the “sum of the notionals” of the derivatives used by the respective sub-fund. Shareholders should note that this definition may lead to artificially high leverage that does not reflect the actual economic risk due to, inter alia, the following reasons:

- Regardless of whether a derivative is used for investment or hedging purposes, it increases the leverage amount calculated according to the sum-of-notionals approach;
- The duration of interest rate derivatives is not taken into account. A consequence of this is that short-term interest rate derivatives generate the same leverage as long-term interest rate derivatives, even though short-term ones generate a considerably lower economic risk.

The economic risk of UCITS pursuant to the VaR approach is determined as part of a UCITS risk management process. This contains (among other things) restrictions on the VaR, which includes the market risk of all positions, including derivatives. The VaR is supplemented by a comprehensive stress-test programme.

The average leverage for each sub-fund using the VaR approach is expected to be within the range stated in the table below. Leverage is expressed as a ratio between the sum of the notionals and the net asset value of the sub-fund in question. Greater leverage amounts may be attained for all sub-funds, under certain circumstances.

Sub-fund	Global risk calculation method	Expected range of leverage	Reference portfolio
UBS (Lux) Key Selection SICAV Asian Equities (USD)	Commitment approach	n.a.	n.a.
UBS (Lux) Key Selection SICAV Asian Global Strategy Balanced (USD)	Commitment approach	n.a.	n.a.
UBS (Lux) Key Selection SICAV China Allocation Opportunity (USD)	Commitment approach	n.a.	n.a.
UBS (Lux) Key Selection SICAV China Equity Unconstrained (USD)	Absolute VaR approach	0-5.0	n.a.
UBS (Lux) Key Selection SICAV Credit Income Opportunities (USD)	Commitment approach	n.a.	n.a.
UBS (Lux) Key Selection SICAV Digital Transformation Dynamic (USD)	Commitment approach	n.a.	n.a.
UBS (Lux) Key Selection SICAV Digital Transformation Themes (USD)	Commitment approach	n.a.	n.a.
UBS (Lux) Key Selection SICAV Dynamic Alpha (USD)	Absolute VaR approach	0-5.0	n.a.
UBS (Lux) Key Selection SICAV Asia Allocation Opportunity (USD)	Commitment approach	n.a.	n.a.
UBS (Lux) Key Selection SICAV European Equity Sustainable Leaders (EUR)	Commitment approach	n.a.	n.a.
UBS (Lux) Key Selection SICAV European Equity Value Opportunity (EUR)	Commitment approach	n.a.	n.a.
UBS (Lux) Key Selection SICAV European Growth and Income (EUR)	Commitment approach	n.a.	n.a.
UBS (Lux) Key Selection SICAV Global Allocation (CHF)	Relative VaR approach	0-3.0	60% MSCI All Country World Index (net div. reinvested) (hedged in CHF), 40% FTSE World Government Bond Index (TR) (hedged in CHF)
UBS (Lux) Key Selection SICAV Global Allocation (EUR)	Relative VaR approach	0-3.0	60% MSCI All Country World Index (net div. reinvested) (hedged in EUR), 40% FTSE World Government Bond Index (TR) (hedged in EUR)
UBS (Lux) Key Selection SICAV Global Allocation (USD)	Relative VaR approach	0-3.0	60% MSCI All Country World Index (net div. reinvested), 40% FTSE World Government Bond Index (TR) (hedged in USD)
UBS (Lux) Key Selection SICAV Multi Strategy Alternatives (EUR)	Absolute VaR approach; detailed information can be found in the sub-fund's investment policy.		
UBS (Lux) Key Selection SICAV Global Equities (USD)	Commitment approach	n.a.	n.a.
UBS (Lux) Key Selection SICAV Global Multi Income (USD)	Relative VaR approach	0-2.0	60% MSCI All Country World Index (net div. reinvested) (hedged in USD), 40% Bloomberg Global Aggregate Total Return Index (hedged in USD).
UBS (Lux) Key Selection SICAV Turnaround Equity Opportunities (USD)	Commitment approach	n.a.	n.a.

UBS (Lux) Key Selection SICAV – Systematic Allocation Portfolio Equity (USD)	Relative VaR approach	0-5.0	36% MSCI USA Index (net div. reinvested), 12% MSCI Emerging Markets Index (net div. reinvested), 23% MSCI EMU Index (net div. reinvested) (hedged to USD), 15% MSCI United Kingdom Index (net div. reinvested) (hedged to USD), 7% MSCI Japan (net div. reinvested) (hedged to USD), and 7% MSCI Switzerland (net div. reinvested) (hedged to USD).
UBS (Lux) Key Selection SICAV – Climate Diversified (EUR)	Commitment approach	n.a.	n.a.
UBS (Lux) Key Selection SICAV – European Financial Debt Sustainable (EUR)	Commitment approach	n.a.	n.a.

### Collateral management

If the Company enters into OTC transactions, it may be exposed to risks associated with the creditworthiness of these OTC counterparties: should the Company enter into futures, options or swap contracts, or use other derivative techniques, it shall be subject to the risk that an OTC counterparty might not meet (or cannot meet) its obligations under one or more contracts. Counterparty risk can be reduced by depositing a security (“**collateral**”, see above). Collateral may be provided in the form of liquid assets in highly liquid currencies, highly liquid equities and first-rate government bonds. The Company will only accept such financial instruments as collateral, which would allow it (after objective and appropriate valuation) to liquidate these within an appropriate time period. The Company, or a service provider appointed by the Company, must assess the collateral’s value at least once a day. The collateral’s value must be higher than the value of the position of the respective OTC counterparty. However, this value may fluctuate between two consecutive valuations.

After each valuation, however, it is ensured (where appropriate, by requesting additional collateral) that the collateral is increased by the desired amount to meet the value of the respective OTC counterparty’s position (mark-to-market). In order to adequately take into account the risks related to the collateral in question, the Company determines whether the value of the collateral to be requested should be increased, or whether this value should be depreciated by an appropriate, conservatively measured amount (haircut). The larger the collateral’s value may fluctuate, the higher the markdown.

The Company shall set up internal regulations determining the details of the above-mentioned requirements and values, particularly regarding the types of collateral accepted, the amounts to be added to and subtracted from the respective collateral, and the investment policy for liquid funds that are deposited as collateral. This framework agreement is reviewed and adapted where appropriate by the Company on a regular basis.

The Board of Directors of the Company has approved instruments of the following asset classes as collateral in OTC derivative transactions and determined the following haircuts to be used on these instruments:

Asset class	Minimum haircut (% deduction from market value)
<b>Fixed and variable-rate interest-bearing instruments</b>	
Liquid funds in the currencies CHF, EUR, GBP, USD, JPY, CAD and AUD.	0%
Short-term instruments (up to one year) issued by one of the following countries (Australia, Austria, Belgium, Denmark, Germany, France, Japan, Norway, Sweden, UK, US) and the issuing country has a minimum rating of A	1%
Instruments that fulfil the same criteria as above and have a medium-term maturity (one to five years).	3%
Instruments that fulfil the same criteria as above and have a long-term maturity (five to ten years).	4%
Instruments that fulfil the same criteria as above and have a very long-term maturity (more than ten years).	5%
US TIPS (Treasury inflation protected securities) with a maturity of up to ten years	7%
US Treasury strips or zero coupon bonds (all maturities)	8%
US TIPS (Treasury inflation protected securities) with a maturity of over ten years	10%

The haircuts to be used on collateral from securities lending, as the case may be, are described in Section 5 entitled “Special techniques and instruments with securities and money market instruments as underlying assets”.

Securities deposited as collateral may not have been issued by the respective OTC counterparty or be highly correlated with this OTC counterparty. For this reason, shares from the finance sector are not accepted as collateral. Securities deposited as

collateral shall be held in safekeeping by the Depositary on behalf of the Company and may not be sold, invested or pledged by the Company.

The Company shall ensure that the collateral received is adequately diversified, particularly regarding geographic dispersion, diversification across different markets and the spreading of concentration risk. The latter is considered to be sufficiently diversified if securities and money market instruments held as collateral and issued by a single issuer do not exceed 20% of the relevant sub-fund's net assets.

In derogation to the above paragraph and in accordance with the modified Point 43(e) of the ESMA Guidelines on ETFs and other UCITS issues of 1 August 2014 (ESMA/2014/937), the Company may be fully collateralised in various transferable securities and money market instruments issued or guaranteed by an EU Member State, one or more of its local authorities, a non-Member State, or a public international body to which one or more EU Member States belong. If this is the case, the Company must ensure that it receives securities from at least six different issues, but securities from any single issue may not account for more than 30% of the net assets of the respective sub-fund.

**The Board of Directors of the Company has decided to make use of the exemption clause described above and accept collateralisation of up to 50% of the net assets of the respective sub-fund in government bonds that are issued or guaranteed by the following countries: US, Japan, UK, Germany and Switzerland.**

Collateral that is deposited in the form of liquid funds may be invested by the Company. Investments may only be made in: sight deposits or deposits at notice in accordance with Point 1.1(f) of Section 1 "Permitted investments of the Company"; high-quality government bonds; repurchase agreements within the meaning of Section 5 "Special techniques and instruments with securities and money market instruments as underlying assets", provided the counterparty in such transactions is a credit institution within the meaning of Point 1.1(f) of Section 1 "Permitted investments of the Company" and the Company has the right to cancel the transaction at any time and to request the back transfer of the amount invested (incl. accrued interest); short-term money market funds within the meaning of CESR Guidelines 10-049 regarding the definition of European money market funds.

The restrictions listed in the previous paragraph also apply to the spreading of concentration risk. Bankruptcy and insolvency events or other credit events involving the Depositary or within its sub-depositary/correspondent bank network may result in the rights of the Company in connection with the collateral being delayed or restricted in other ways. If the Company owes collateral to the OTC counterparty pursuant to an applicable agreement, then any such collateral is to be transferred to the OTC counterparty as agreed between the Company and the OTC counterparty. Bankruptcy and insolvency events or other credit default events involving the OTC counterparty, the Depositary or its sub-depositary/correspondent bank network may result in the rights or recognition of claims of the Company in connection with the collateral being delayed, restricted or even eliminated, which would go so far as to force the Company to fulfil its obligations within the framework of the OTC transaction, regardless of any collateral that had previously been provided to cover any such obligation.

#### **Net asset value, issue, redemption and conversion price**

The net asset value and the issue, redemption and conversion price per share of each sub-fund or share class are expressed in the currency of account of the sub-fund or share class concerned and are calculated every business day by dividing the overall net assets of the sub-fund attributable to each share class by the number of shares in circulation in this share class of the sub-fund.

However, the net asset value of a share may also be calculated on days where no shares are issued or redeemed, as described in the following section. In this case, the net asset value may be published, but it may only be used for the purpose of calculating performance, statistics or fees. Under no circumstances should it be used as a basis for subscription and redemption orders.

The net asset value for the sub-fund UBS (Lux) Key Selection SICAV – Multi Strategy Alternatives (EUR) is calculated for each "MSA business day", as defined in the section entitled "Conditions for the issue and redemption of shares". In addition a net asset value will be calculated for 24 and 31 December if the master fund calculates a net asset value. However, shares are not issued and/or redeemed on either of these days. The percentage of the net asset value attributable to each share class of a sub-fund changes each time shares are issued or redeemed. It is determined by the ratio of the shares in circulation in each share class to the total number of sub-fund shares in circulation, taking into account the fees charged to that share class.

The value of the assets of each sub-fund is calculated as follows:

- a) Liquid assets (whether in the form of cash and bank deposits, bills of exchange, cheques, promissory notes, expense advances, cash dividends and declared or accrued interest still receivable) are valued at face value, unless this value is unlikely to be fully paid or received, in which case their value is determined by deducting an amount deemed appropriate to arrive at their real value.
- b) Securities, derivatives and other assets listed on a stock exchange are valued at the most recent market prices available. If these securities, derivatives or other assets are listed on several stock exchanges, the most recently available price on the stock exchange that represents the major market for this asset shall apply. In the case of securities, derivatives and other assets not commonly traded on a stock exchange and for which a secondary market exists among securities traders with pricing based on market standards, the Company may value these securities, derivatives and other investments based on these prices. Securities, derivatives and other investments not listed on a stock exchange, but traded on another regulated market that operates regularly and is recognised and open to the public, are valued at the most recently available price on this market.

- c) Securities and other investments not listed on a stock exchange or traded on another regulated market, and for which no appropriate price can be obtained, are valued by the Company on the basis of the likely sales prices according to other principles chosen by the Company in good faith.
- d) Derivatives not listed on a stock exchange (OTC derivatives) are valued on the basis of independent pricing sources. If only one independent pricing source is available for a derivative, the plausibility of the valuation obtained will be verified using calculation models that are recognised by the Company and the Company's auditors, based on the market value of that derivative's underlying.
- e) Units of other undertakings for collective investment in transferable securities (UCITS) and/or undertakings for collective investment (UCIs) are valued at their last known asset value.  
Calculation of the net asset value for the sub-fund UBS (Lux) Key Selection SICAV – Multi Strategy Alternatives (EUR) is dependent on the timely receipt of the net asset value of the Master Fund.
- f) Money market instruments not traded on a stock exchange or on another regulated market open to the public will be valued on the basis of the relevant curves. Curve-based valuations are calculated from interest rates and credit spreads. The following principles are applied in this process: The interest rate nearest the residual maturity is interpolated for each money market instrument. Thus calculated, the interest rate is converted into a market price by adding a credit spread that reflects the creditworthiness of the underlying borrower. This credit spread is adjusted if there is a significant change in the borrower's credit rating.
- g) Securities, money market instruments, derivatives and other assets denominated in a currency other than the relevant sub-fund's currency of account, and not hedged by foreign exchange transactions, are valued using the average exchange rate (between the bid and ask prices) known in Luxembourg or, if none is available, using the rate on the most representative market for that currency.
- h) Term and fiduciary deposits are valued at their nominal value plus accumulated interest.
- i) The value of swaps is calculated by an external service provider and a second independent valuation is provided by another external service provider. Such calculations are based on the net present value of all cash flows (both inflows and outflows). In some specific cases, internal calculations (based on models and market data made available by Bloomberg) and/or broker statement valuations may be used. The valuation method depends on the security in question and is chosen pursuant to the applicable UBS Global Valuation Policy.

If valuation in accordance with the aforementioned regulations proves to be impossible or inaccurate, the Company is entitled to use other generally recognised and verifiable valuation criteria in good faith in order to achieve a suitable valuation of the net assets.

As some of the Company's sub-funds may be invested in markets that are closed at the time their assets are valued, the Company may – by way of derogation from the aforementioned provisions – allow the net asset value per share to be adjusted in order to more accurately reflect the fair value of these sub-funds' assets at the time of valuation. In practice, the securities in which the sub-funds are invested are generally valued on the basis of the latest available prices at the time of calculating the net asset value per share, as described above. There may, however, be a substantial time difference between the close of the markets in which a sub-fund invests and the time of valuation.

As a result, developments that may influence the value of these securities and that occur between the closure of the markets and the valuation time are not generally taken into account in the net asset value per share of the sub-fund concerned. If, as a result of this, the Company deems that the most recently available prices of the securities in a sub-fund's portfolio do not reflect their fair value, it may allow the net asset value per share to be adjusted in order to reflect the assumed fair value of the portfolio at the time of valuation. Such an adjustment is based on the investment policy determined by the Company and a number of practices. If the value is adjusted as described above, this will be applied consistently to all share classes in the same sub-fund.

The Company reserves the right to apply this measure to the relevant sub-funds of the Company whenever it deems this to be appropriate.

Valuing assets at fair value calls for greater reliability of judgement than valuing assets for which readily available market quotations can be referred to. Fair-value calculations may also be based on quantitative models used by price reporting providers to determine the fair value. No guarantee can be given that the Company will be in a position to accurately establish the fair value of an asset when it is about to sell the asset around the time at which the Company determines the net asset value per share. As a consequence, if the Company sells or redeems shares at the net asset value at a time when one or more participations are valued at fair value, this may lead to a dilution or increase in the economic participation of the existing shareholders.

Furthermore, in exceptional circumstances, additional valuations can be carried out over the course of the day. These new valuations will then prevail for the subsequent issue, redemption and conversion of shares. Revaluations only take place before publishing the only net asset value for that day. Issues, redemptions and conversions are only processed based on this sole net asset value.

Due to fees and charges as well as the buy-sell spread for the underlying investments, the actual costs of buying and selling assets and investments for a sub-fund may differ from the last available price or, if applicable, the net asset value used to



calculate the net asset value per share. These costs have a negative effect on the value of a sub-fund and are termed "dilution". To reduce the effects of dilution, the Board of Directors may at its own discretion make a dilution adjustment to the net asset value per share (swinging pricing).

Shares are generally issued and redeemed based on a single price: the net asset value. To reduce the effects of dilution, the net asset value per share is nevertheless adjusted on valuation days as described below; this takes place irrespective of whether the sub-fund is in a net subscription or net redemption position on the relevant valuation day. If no trading is taking place in any sub-fund or class of a sub-fund on a particular valuation day, the unadjusted net asset value per share is applied. The circumstances in which such a dilution adjustment takes place are determined at the discretion of the Board of Directors. The requirement to carry out a dilution adjustment generally depends on the scale of subscriptions or redemptions of shares in the relevant sub-fund. The Board of Directors may carry out a dilution adjustment if, in its view, the existing shareholders (in the case of subscriptions) or remaining shareholders (in the case of redemptions) could be put at a disadvantage. The dilution adjustment may take place if:

- (a) a sub-fund records a steady fall (i.e. a net outflow due to redemptions);
- (b) a sub-fund records a considerable volume of net subscriptions relative to its size;
- (c) a sub-fund shows a net subscription or net redemption position on a particular valuation day; or
- (d) In all other cases in which the Board of Directors believes a dilution adjustment is necessary in the interests of the shareholders.

When a valuation adjustment is made, a value is added to or deducted from the net asset value per share depending on whether the sub-fund is in a net subscription or net redemption position; the extent of the valuation adjustment shall, in the opinion of the Board of Directors, adequately cover the fees and charges as well as the spreads of buy and sell prices. In particular, the net asset value of the respective sub-fund will be adjusted (upwards or downwards) by an amount that (i) reflects the estimated tax expenses, (ii) the trading costs that may be incurred by the sub-fund, and (iii) the estimated bid-ask spread for the assets in which the sub-fund invests. As some equity markets and countries may show different fee structures on the buyer and seller side, the adjustment for net inflows and outflows may vary. The adjustments are generally limited to a maximum of 2% of the prevailing net asset value per share at the time. The Board of Directors may decide to temporarily apply a dilution adjustment of more than 2% of the prevailing net asset value per share at the time in respect of any sub-fund and/or valuation date in exceptional circumstances (e.g. high market volatility and/or liquidity, exceptional market conditions, market disruption, etc.), provided the Board of Directors can justify that this is representative of the prevailing market conditions and that it is in the best interest of the shareholders. This dilution adjustment will be calculated in accordance with the method determined by the Board of Directors. Shareholders will be informed via the usual communication channels when the temporary measures are introduced and when they end.

The net asset value of each class of the sub-fund is calculated separately. However, dilution adjustments affect the net asset value of each class to the same degree in percentage terms. The dilution adjustment is made at sub-fund level and relates to capital activity, but not to the specific circumstances of each individual investor transaction.

## **Investing in UBS (Lux) Key Selection SICAV**

### **Conditions for the issue and redemption of shares**

Sub-fund shares are issued and redeemed on every business day. A "**business day**" is a normal bank business day in Luxembourg (i.e. a day when the banks are open during normal business hours), except for 24 and 31 December; individual, non-statutory days of rest in Luxembourg; and days on which stock exchanges in the main countries in which the respective sub-fund invests are closed, or on which 50% or more of the investments of the sub-fund cannot be adequately valued.

In addition, the following special rules apply:

- For the sub-fund UBS (Lux) Key Selection SICAV – China Allocation Opportunity (USD), days which are not normal banking days in the People's Republic of China are not deemed business days of this sub-fund.
- For the sub-fund UBS (Lux) Key Selection SICAV – China Equity Unconstrained (USD), days which are not normal banking days in the People's Republic of China and/or Hong Kong are not deemed business days of this sub-fund.
- For the sub-fund UBS (Lux) Key Selection SICAV – Multi Strategy Alternatives (EUR), the following days are not regarded as business days ("**MSA business days**"):
  - a) Days that are not normal banking days in England and in the United States of America;
  - b) Days on which the Master Fund (Alma Platinum IV UBS Multi-Strategy Alternatives) is closed for share subscriptions and redemptions.

"**Non-statutory days of rest**" are days on which banks and financial institutions are closed.

No shares will be issued or redeemed on days for which the Company has decided not to calculate any net asset values, as described in the section "Suspension of net asset value calculation, and suspension of the issue, redemption and conversion of shares". In addition, the Company is entitled to reject subscription orders at its discretion.

The Company prohibits all transactions that it deems potentially detrimental to shareholder interests, including (but not limited to) market timing and late trading. It is entitled to refuse any application for subscription or conversion that it considers to be allied to such practices. The Company is also entitled to take any action it deems necessary to protect shareholders from such practices.

**Subscription and redemption orders ("orders") registered with the administrative agent no later than the time specified below for the individual sub-funds on a business day ("order date") will be processed on the basis of the net asset value calculated as at that day after the cut-off time ("valuation date").**

**Orders for the sub-fund UBS (Lux) Key Selection SICAV – Multi Strategy Alternatives (EUR) must be registered by the administrative agent no later than the time specified below on an MSA business day ("MSA order date") and 3 MSA business days before the valuation date ("MSA valuation date"). They will be processed on the basis of the net asset value calculated for this MSA valuation date.**

The following cut-off times apply:

Sub-fund	Cut-off time (CET)
UBS (Lux) Key Selection SICAV – Asian Equities (USD)	13:00
UBS (Lux) Key Selection SICAV – Asian Global Strategy Balanced (USD)	13:00
UBS (Lux) Key Selection SICAV – China Allocation Opportunity (USD)	13:00
UBS (Lux) Key Selection SICAV – China Equity Unconstrained (USD)	13:00
UBS (Lux) Key Selection SICAV – Credit Income Opportunities (USD)	10:00
UBS (Lux) Key Selection SICAV – Digital Transformation Dynamic (USD)	15:00
UBS (Lux) Key Selection SICAV – Digital Transformation Themes (USD)	15:00
UBS (Lux) Key Selection SICAV – Dynamic Alpha (USD)	15:00
UBS (Lux) Key Selection SICAV – Asia Allocation Opportunity (USD)	13:00
UBS (Lux) Key Selection SICAV – European Equity Sustainable Leaders (EUR)	15:00
UBS (Lux) Key Selection SICAV – European Equity Value Opportunity (EUR)	15:00
UBS (Lux) Key Selection SICAV – European Growth and Income (EUR)	13:00
UBS (Lux) Key Selection SICAV – Global Allocation (CHF)	13:00
UBS (Lux) Key Selection SICAV – Global Allocation (EUR)	13:00
UBS (Lux) Key Selection SICAV – Global Allocation (USD)	13:00
UBS (Lux) Key Selection SICAV – Multi Strategy Alternatives (EUR)	10:00
UBS (Lux) Key Selection SICAV – Global Equities (USD)	15:00
UBS (Lux) Key Selection SICAV – Global Multi Income (USD)	13:00
UBS (Lux) Key Selection SICAV – Turnaround Equity Opportunities (USD)	15:00
UBS (Lux) Key Selection SICAV – Systematic Allocation Portfolio Equity (USD)	13:00
UBS (Lux) Key Selection SICAV – Climate Diversified (EUR)	13:00
UBS (Lux) Key Selection SICAV – European Financial Debt Sustainable (EUR)	15:00

**All orders sent by fax must be received by the administrative agent at least one hour prior to the stated cut-off time of the respective sub-fund on a business day. However, the central settling agent of UBS AG in Switzerland, the distributors and other intermediaries may apply other cut-off times that are earlier than those specified above vis-à-vis their clients in order to ensure the timely submission of orders to the administrative agent. Information on this may be obtained from the central settling agent of UBS AG in Switzerland, as well as from the respective distributors and other intermediaries.**

**For orders registered with the administrative agent after the respective cut-off time on a business day, the order date is considered to be the following business day.**

The same applies to requests for the conversion of shares of a sub-fund into those of another sub-fund of the Company performed on the basis of the net asset values of the respective sub-funds.

This means that the net asset value used for settlement is not known at the time the order is placed (forward pricing). It will be calculated on the basis of the last-known market prices (i.e. using the latest available market prices or closing market prices, provided these are available at the time of calculation). The individual valuation principles applied are described in the section above.

Subject to applicable laws and regulations, the distributors entrusted with the acceptance of orders shall request and accept subscription, redemption and/or conversion orders from investors on the basis of a written agreement or order form or by equivalent means, including receipt of orders by electronic means. The application of equivalent means to written form requires the prior written consent of the Management Company and/or UBS Asset Management Switzerland AG at its own discretion.

## Issue of shares

The issue price of sub-fund shares is calculated according to the provisions in the section “Net asset value, issue, redemption and conversion price”.

Unless otherwise defined in the section entitled “Share classes”, depending on the various distributors who have informed investors in advance of the method used, the following entry costs for the capital commitment may be deducted from (or charged as an addition) or added to the net asset value for payment on to distributors involved in the distribution of shares in the sub-fund and/or to financial intermediaries:

Sub-fund	Entry costs (maximum in %)
UBS (Lux) Key Selection SICAV – Asian Equities (USD)	5
UBS (Lux) Key Selection SICAV – Asian Global Strategy Balanced (USD)	4
UBS (Lux) Key Selection SICAV – China Allocation Opportunity (USD)	4
UBS (Lux) Key Selection SICAV – China Equity Unconstrained (USD)	5
UBS (Lux) Key Selection SICAV – Credit Income Opportunities (USD)	3
UBS (Lux) Key Selection SICAV – Digital Transformation Dynamic (USD)	5
UBS (Lux) Key Selection SICAV – Digital Transformation Themes (USD)	5
UBS (Lux) Key Selection SICAV – Dynamic Alpha (USD)	4
UBS (Lux) Key Selection SICAV – Asia Allocation Opportunity (USD)	4
UBS (Lux) Key Selection SICAV – European Equity Sustainable Leaders (EUR)	5
UBS (Lux) Key Selection SICAV – European Equity Value Opportunity (EUR)	5
UBS (Lux) Key Selection SICAV – European Growth and Income (EUR)	4
UBS (Lux) Key Selection SICAV – Global Allocation (CHF)	4
UBS (Lux) Key Selection SICAV – Global Allocation (EUR)	4
UBS (Lux) Key Selection SICAV – Global Allocation (USD)	4
UBS (Lux) Key Selection SICAV – Multi Strategy Alternatives (EUR)	4
UBS (Lux) Key Selection SICAV – Global Equities (USD)	5
UBS (Lux) Key Selection SICAV – Global Multi Income (USD)	4
UBS (Lux) Key Selection SICAV – Turnaround Equity Opportunities (USD)	5
UBS (Lux) Key Selection SICAV – Systematic Allocation Portfolio Equity (USD)	5
UBS (Lux) Key Selection SICAV – Climate Diversified (EUR)	4
UBS (Lux) Key Selection SICAV – European Financial Debt Sustainable (EUR)	3

Any taxes, charges or other fees incurred in the relevant country of distribution will also be charged. Additional information can be found in the local offer documents.

Subscriptions for shares in the Company are accepted by the Company, the administrative agent and the Depositary as well as at the sales and paying agents, which forward them to the Company.

Subject to applicable laws and regulations, the Depositary and/or the agents entrusted with receiving subscription payments may, at their discretion and upon investors’ request, accept the payment in currencies other than the currency of account of the respective sub-fund and the subscription currency of the share class to be subscribed. The exchange rate used will be determined by the respective agent on the basis of the bid-ask spread of the relevant currency pair. Investors shall bear all fees associated with currency exchange. Notwithstanding the above, payment of subscription prices for shares denominated in RMB shall be made in RMB (CNH) only. No other currency will be accepted for the subscription of these share classes.

The shares may also be subscribed through savings plans, payment plans or conversion plans, in accordance with the locally prevailing market standards. Further information on this can be requested from the local distributors.

The issue price of sub-fund shares is paid into the Depositary’s account in favour of the sub-fund no later than three days (three business days for the sub-fund UBS (Lux) Key Selection SICAV – China Equity Unconstrained (USD)) after the order date (“**settlement date**”).

For the sub-fund UBS (Lux) Key Selection SICAV – Multi Strategy Alternatives (EUR), the issue price of sub-fund shares shall be paid no later than three MSA business days following the respective MSA valuation date into the Depositary account in favour of the sub-fund (“**settlement date**”).

If, on the settlement date or any day between the order date/the MSA valuation date for the sub-fund UBS (Lux) Key Selection – Multi Strategy Alternatives (EUR) and the settlement date, banks in the country of the currency of the relevant share class are not open for business or the relevant currency is not traded in an interbank settlement system, these days are disregarded for the purposes of calculating the settlement date. The settlement date can only be a day on which these banks are open or these settlement systems are available for transactions in the relevant currency.

A local paying agent will carry out the requisite transactions on behalf of the final investor on a nominee basis. Costs for services of the Paying Agent may be imposed on the investor.

At the shareholders’ request, the Company may accept full or partial subscriptions in kind at its own discretion. In such cases, the contribution in kind must suit the investment policy and restrictions of the relevant sub-fund. Such payments in kind will also be appraised by the auditor selected by the Company. The costs incurred will be charged to the relevant investor.

Shares are issued as registered shares only. This means that the shareholder status of the investor in the Company with all associated rights and obligations will be based on the respective investor’s entry in the Company’s register. A conversion of registered shares into bearer shares may not be requested. Shareholders are reminded that registered shares may also be cleared through recognised external clearing houses like Clearstream.

All shares issued have the same rights. The Articles of Incorporation nonetheless provide for the possibility of issuing various share classes with specific features within a particular sub-fund. Furthermore, fractions of shares can be issued for all sub-funds/share classes. Fractions of shares are expressed up to three decimal places and do not confer the right to vote at general meetings. If the relevant sub-fund or share class is liquidated, however, fractional shares entitle the holder to a distribution or proportionate share of the liquidation proceeds.

### Redemption of shares

Redemption orders are accepted by the Management Company, the administrative agent, the Depositary or another authorised sales or paying agent.

Consideration for sub-fund shares submitted for redemption is paid no later than the third day (the third business day for the sub-fund UBS (Lux) Key Selection SICAV – China Equity Unconstrained (USD)) after the order date (or no later than three MSA business days after the relevant MSA valuation date for shares of the sub-fund UBS (Lux) Key Selection SICAV – Multi Strategy Alternatives (EUR)) (“**settlement date**”) unless legal provisions, such as foreign exchange controls or restrictions on capital movements, or other circumstances beyond the control of the Depositary, make it impossible to transfer the redemption amount to the country in which the redemption order has been submitted.

If, on the settlement date or any day between the order date/the MSA valuation date for the sub-fund UBS (Lux) Key Selection – Multi Strategy Alternatives (EUR) and the settlement date, banks in the country of the currency of the relevant share class are not open for business or the relevant currency is not traded in an interbank settlement system, these days are disregarded for the purposes of calculating the settlement date. The settlement date can only be a day on which these banks are open or these settlement systems are available for transactions in the relevant currency.

If the value of a share class in relation to the total net asset value of a sub-fund has fallen below, or failed to reach, a level that the Board of Directors of the Company has fixed as the minimum level for the economically efficient management of a share class, the Board of Directors of the Company may decide that all shares in this class are to be redeemed against payment of the redemption price on a business day determined by the Board. Investors of the class/sub-fund concerned shall not have to bear any additional costs or other financial burdens as a result of this redemption. Where applicable, the single swing pricing principle described in the Section “Net asset value, issue, redemption and conversion price” shall apply.

For sub-funds with multiple share classes that are denominated in different currencies, shareholders may, in principle, only receive the equivalent value for their redemption in the currency of the respective share class or the currency of account of the respective sub-fund.

Subject to applicable laws and regulations, the Depositary and/or the agents entrusted with paying the redemption proceeds may, at their discretion and upon investors’ request, make the payment in currencies other than the currency of account of the respective sub-fund and the currency of the share class redeemed. The exchange rate used will be determined by the respective agent on the basis of the bid-ask spread of the relevant currency pair.

Investors shall bear all fees associated with currency exchange. These fees, as well as any taxes, commissions or other fees that may be incurred in the relevant country of distribution and, for example, levied by correspondent banks, will be charged to the relevant investor and deducted from the redemption proceeds. Notwithstanding the above, payment of redemption proceeds for shares denominated in RMB shall be made in RMB (CNH) only. The investor may not request payment of the redemption proceeds in any currency other than RMB (CNH).

Any taxes, charges or other fees incurred in the relevant country of distribution (including those levied by correspondent banks) will be charged.

However, no redemption charged may be levied.

Net asset value performance shall determine whether the redemption price is higher or lower than the price paid by the investor.

The Company reserves the right to refrain from executing redemption and conversion orders in full (redemption gate) on order dates on which the total orders would cause an outflow of funds of more than 10% of the sub-fund’s net assets on that date. In such cases, the Company may decide to execute only a portion of redemption and conversion orders, and to postpone the execution of the remaining redemption and conversion orders for that order date with priority status and for a period generally not to exceed 20 business days.

In the event of a large volume of redemption orders, the Company may decide to postpone the execution of redemption orders until equivalent Company assets have been sold, without undue delay. Should such a measure be necessary, all redemption orders received on the same day will be processed at the same price.

A local paying agent will carry out the requisite transactions on behalf of the final investor on a nominee basis. Costs for services of the Paying Agent as well as fees that are levied by correspondent banks may be imposed on the investor.

At the shareholders’ request, the Company may grant investors full or partial redemptions in kind at its own discretion.

In such cases, it must be ensured that after the capital is redeemed in kind, the remaining portfolio still complies with the investment policy and restrictions of the relevant sub-fund, and that the remaining investors in the sub-fund are not disadvantaged by the redemption in kind. Such payments will also be appraised by the auditor selected by the Company. The costs incurred will be charged to the relevant investor.

### Overview of subscription and redemption procedures for the sub-fund UBS (Lux) Key Selection SICAV – Multi Strategy Alternatives (EUR)

Issue and redemption dates (MSA order date)	T-3 “MSA business days” cut-off 10:00 CET (by fax: 9:00 CET)
---	--

"MSA valuation date"	T
"Settlement date"	T+3 "MSA business days" (taking account of banking days and currency settlement days as defined above).

### Conversion of shares

At any time, shareholders may convert their shares into those of another share class within the same sub-fund, and/or may convert their shares into those of another sub-fund. Conversion orders are subject to the same procedures as the issue and redemption of shares. Shareholders may not convert shares into or from the sub-fund UBS (Lux) Key Selection SICAV – Multi Strategy Alternatives (EUR) from or to another sub-fund.

The number of shares resulting from the conversion of a shareholder's existing shares is calculated according to the following formula:

$$\alpha = \frac{\beta * \chi * \delta}{\epsilon}$$

where:

- $\alpha$  = number of shares of the new sub-fund or share class into which conversion is requested
- $\beta$  = number of shares of the sub-fund or share class from which conversion is requested
- $\chi$  = net asset value of the shares submitted for conversion
- $\delta$  = foreign-exchange rate between the sub-funds or share classes in question. If both sub-funds or share classes are valued in the same currency of account, this coefficient equals 1
- $\epsilon$  = net asset value of the shares in the sub-fund or share class into which conversion is requested plus any taxes, charges or other fees

Depending on the various distributors who have informed investors in advance of the method used, a maximum conversion fee in the amount of the maximum entry costs on the capital commitment may be deducted (or charged as an addition) or added to the net asset value for payment on to distributors involved in the distribution of shares in the sub-fund and/or to financial intermediaries. No redemption charge is applied in such cases, in accordance with the information in the section titled "Redemption of shares".

Subject to applicable laws and regulations, the Depositary and/or the agents entrusted with receiving conversion payments may, at their discretion and upon investors' request, accept the payment in currencies other than the currency of account of the respective sub-fund and/or the reference currency of the share class, into which the conversion will take place. The exchange rate used will be determined by the respective agent on the basis of the bid-ask spread of the relevant currency pair. These commissions, as well as any fees, taxes and stamp duties incurred in the individual countries for a sub-fund conversion are charged to the shareholders.

### Prevention of money laundering and terrorist financing

The Company's distributors must comply with the provisions of the Luxembourg Law of 12 November 2004 on the fight against money laundering and terrorist financing, as amended, as well as the relevant statutory provisions and applicable circulars of the CSSF.

Accordingly, investors must provide proof of their identity to the distributor or sales agent receiving their subscription. The distributor or sales agent must request the following identifying documents from investors as a minimum: natural persons must provide a certified copy of their passport/identity card (certified by the distributor or sales agent or by the local administrative authority); companies and other legal entities must provide a certified copy of the articles of incorporation, a certified copy of the extract from the trade and companies register, a copy of the most recently published annual accounts and the full name of the beneficial owner.

Depending on the circumstances, the distributor or sales agent must request additional documents or information from investors requesting subscriptions or redemptions. The distributor must ensure that the sales agents strictly adhere to the aforementioned identification procedures. The administrative agent and the Company may, at any time, demand assurance from the distributor that the procedures are being adhered to. The administrative agent will monitor compliance with the aforementioned provisions for all subscription and redemption orders they receive from sales agents or distributors in countries in which such sales agents or distributors are not subject to requirements equivalent to Luxembourg or EU law on fighting money laundering and terrorist financing.

Furthermore, the distributor and its sales agents must comply with all the regulations for the prevention of money laundering and terrorist financing in force in the respective countries.

### **Suspension of net asset value calculation, and suspension of the issue, redemption and conversion of shares**

The Company may temporarily suspend the calculation of the net asset value of one or more sub-funds, as well as the issue and redemption of shares, and conversions between individual sub-funds, for one or more business days due to the following:

- the closure, other than for customary holidays, of one or more stock exchanges used to value a substantial portion of the net assets, or of foreign exchange markets in whose currency the net asset value, or a substantial portion of the net assets, is denominated, or if trade on these stock exchanges or markets is suspended, or if these stock exchanges or markets become subject to restrictions or experience major short-term price fluctuations;
- events beyond the control, liability or influence of the Company and/or Management Company prevent access to the net assets under normal conditions without causing severe detriment to shareholder interests;
- disruptions in the communications network or any other event that prevents the value of a substantial portion of the net assets from being calculated;
- circumstances making it impossible for the Company to repatriate funds to pay redemption orders in the sub-fund in question, or where the Board of Directors of the Company deems the transfer of funds from the sale or for the acquisition of investments, or for payments following share redemptions, to be impossible at normal exchange rates;
- political, economic, military or other circumstances outside the control of the Company prevent the disposal of the Company's assets under normal conditions without seriously harming the interests of the shareholders;
- for any other reason the value of assets held by a sub-fund cannot be promptly or accurately determined;
- the convocation of an extraordinary general shareholders' meeting for the liquidation of the Company has been published;
- such a suspension is justified for the protection of the shareholders, after the convening notice of an extraordinary general shareholders' meeting for the merger of the Company or of a sub-fund, or a notice to the shareholders on a decision by the Board of Directors of the Company to merge one or more sub-funds was published; and
- the Company can no longer settle its transactions due to restrictions on foreign exchange and capital movements.
- the suspension by a master fund in which a sub-fund invests as a feeder fund of (i) the calculation of the net asset value per unit, or (ii) the issue, (iii) the redemption and/or (iv) the exchange of units.

Should the calculation of the net asset value, the issue and redemption of shares, or the conversion of shares between sub-funds be suspended, this will be notified without delay to all the relevant authorities in the countries where Company shares are approved for distribution to the public; in addition, notification will be published in the manner described below in the section titled "Regular reports and publications".

If investors no longer meet the requirements of a share class, the Company is further obliged to request that the investors concerned:

- a) return their shares within 30 calendar days in accordance with the provisions on the redemption of shares; or
- b) transfer their shares to a person who meets the aforementioned requirements for acquiring shares in this class; or
- c) convert their shares into those of another share class of the respective sub-fund for which they are eligible in accordance with the acquisition requirements of this share class.

In addition, the Company is entitled to:

- a) refuse a request to buy shares, at its own discretion;
- b) redeem, at any time, shares that were purchased in defiance of an exclusion clause.

## **Distributions**

The payment of distributions for a certain sub-fund or share class, as well as the amount of any such distributions, is decided by the general meeting of shareholders of this sub-fund; it shall do so acting on a proposal from the Company's Board of Directors after closure of the annual accounts. Distributions may be composed of income (e.g. dividend income and interest income) or capital and they may include or exclude fees and expenses.

Investors in certain countries may be subject to higher tax rates on distributed capital than on any capital gains from the sale of fund units. Some investors may therefore prefer to invest in accumulating (-acc) rather than distributing (-dist, -mdist) share classes. Investors may be taxed at a later point in time on income and capital arising on accumulating (-acc) share classes compared with distributing (-dist) share classes. Investors should consult qualified experts for tax advice regarding their individual situation. Any distribution results in an immediate reduction of the net asset value per share of the sub-fund. The payment of distributions must not result in the net assets of the Company falling below the minimum amount for company assets laid down by the law. If distributions are made, payment will be effected within four months of the end of the financial year.

The Board of Directors of the Company is entitled to determine whether interim dividends are paid and whether distribution payments are suspended.

Entitlements to distributions and allocations not claimed within five years of falling due will lapse and be paid back into the respective sub-fund or share class. If said sub-fund or share class has already been liquidated, the distributions and allocations will accrue to the remaining sub-funds of the Company or the remaining share classes of the sub-fund concerned in proportion to their respective net assets. At the proposal of the Company's Board of Directors, the general meeting may decide, in connection with the appropriation of net investment income and capital gains, to issue bonus shares. An income equalisation amount will be calculated so that the distribution corresponds to the actual income entitlement.

## **Taxes and expenses**

### **Taxation**

The Company is subject to Luxembourg law. In accordance with current legislation in the Grand Duchy of Luxembourg, the Company is not subject to any Luxembourg withholding, income, capital gains or wealth taxes. From the total net assets of each sub-fund, however, a tax of 0.05% p.a. ("taxe d'abonnement") payable to the Grand Duchy of Luxembourg is due at the end of every quarter (reduced tax d'abonnement amounting to 0.01% p.a. for share classes F, I-A1, I-A2, I-A3, I-A4, I-B, I-X and U-X). This tax is calculated on the total net assets of each sub-fund at the end of every quarter. In the event that the competent tax authority changes an investor's tax status, all shares in classes F, I-A1, I-A2, I-A3, I-A4, I-B, I-X and U-X may be taxed at the rate of 0.05%.

The taxable values provided are based on the most recently available data at the time they were calculated.

Shareholders are not required, under current tax law, to pay any income, gift, inheritance or other tax in Luxembourg, unless they are domiciled or resident or maintain their usual place of abode in Luxembourg, or were previously resident in Luxembourg and hold more than 10% of the shares in the Company.

The aforementioned represents a summary of the fiscal impact and makes no claim to be exhaustive. It is the responsibility of purchasers of shares to seek information on the laws and regulations governing the purchase, possession and sale of shares in connection with their place of residence and their nationality.

### **Automatic exchange of information – FATCA and the Common Reporting Standard**

As an investment undertaking established in Luxembourg, the Company is bound by certain agreements on the automatic exchange of information – such as those described below (and others that may be introduced in future, as the case may be) – to collect specific information on its investors and their tax status, and to share this information with the Luxembourg tax authority, which may then exchange this information with the tax authorities in the jurisdictions in which the investors are resident for tax purposes.

According to the US Foreign Account Tax Compliance Act and the associated legislation ("**FATCA**"), the Company must comply with extensive due diligence obligations and reporting requirements, established to ensure the US Treasury is informed of financial accounts belonging to specified US persons as defined in the Intergovernmental Agreement, "**IGA**" between Luxembourg and the US. Failure to comply with these requirements may subject the Company to US withholding taxes on certain US-sourced income and, with effect from 1 January 2019, gross proceeds. In accordance with the IGA, the Company has been classed as "compliant" and is not charged any withholding tax if it identifies financial accounts belonging to specified US persons and immediately reports these to the Luxembourg tax authorities, which then provide this information to the US Internal Revenue Service.

Drawing extensively on the intergovernmental approach to implementing FATCA, the OECD developed the Common Reporting Standard ("**CRS**") to combat offshore tax evasion on a global scale. Pursuant to the CRS, financial institutions established in participating CRS jurisdictions (such as the Company) must report to their local tax authorities all personal and account information of investors, and where appropriate controlling persons, resident in other participating CRS jurisdictions that have concluded an agreement for the exchange of information with the jurisdiction governing the financial institution. Tax authorities in participating CRS jurisdictions will exchange such information on an annual basis. Luxembourg has enacted legislation to implement the CRS. As a result, the Company is required to comply with the CRS due diligence and reporting requirements adopted by Luxembourg.

In order to enable the Company to meet its obligations under FATCA and the CRS, prospective investors are required to provide the Company with information about their person and tax status prior to investment, and to update this information on an ongoing basis. Prospective investors should note that the Company is obliged to disclose this information to the Luxembourg tax authorities. The investors accept that the Company may take any action it deems necessary regarding their stake in the

Company to ensure that any withholding tax incurred by the Company and any other related costs, interest, penalties and other losses and liabilities arising from the failure of an investor to provide the requested information to the Company are borne by this investor. This may include making this investor liable for any resulting US withholding taxes or penalties arising under FATCA or the CRS, and/or the compulsory redemption or liquidation of this investor's stake in the Company. Prospective investors should consult qualified experts for tax advice regarding FATCA and the CRS and the potential consequences of such automatic exchange of information regimes.

#### **"Specified US person" as defined by FATCA**

The term "specified US person" refers to any US citizen or resident of the United States, and any company or trust established in the US or under US federal or state law in the form of a partnership or corporation, provided (i) a court within the United States is authorised, pursuant to applicable law, to issue orders or pass rulings in connection with all aspects of the administration of the trust, or (ii) one or more specified US persons are authorised to take all essential decisions regarding the trust or the estate of a testator who was a US citizen or resident. The section must comply with the US Internal Revenue Code.

### **Taxation in the United Kingdom**

#### **Reporting sub-funds**

Within the meaning of the UK Taxation (International and Other Provisions) Act 2010 (hereinafter the "TIOPA"), special provisions apply to investments in offshore funds. The individual share classes of these offshore funds are treated as separate offshore funds for this purpose. The taxation of shareholders in a reporting share class is different to the taxation of shareholders in non-reporting share classes. The individual taxation systems are explained below. The Board of Directors reserves the right to apply for the status of reporting fund for individual share classes.

#### **Shareholders in non-reporting share classes**

Each individual share class is an offshore fund within the meaning of the TIOPA and the UK Offshore Funds (Tax) Regulations 2009 that came into force on 1 December 2009. Within this framework, all income from the sale, disposal or redemption of offshore fund units held by persons resident or ordinarily resident in the United Kingdom at the time of the sale, disposal or redemption are taxed as income and not as capital gains. However, this is not the case if the fund is approved as a reporting fund by the UK tax authorities for the period in which units are held. Shareholders who are resident or ordinarily resident in the United Kingdom for tax purposes and invest in non-reporting share classes may be obliged to pay income tax on the income from the sale, disposal or redemption of shares. Such income is therefore taxable, even if investors would be exempt from capital gains tax under general or special provisions, which may lead to some UK investors bearing a comparatively higher tax burden. Shareholders who are resident or ordinarily resident in the United Kingdom can offset losses on the disposal of shares in non-reporting share classes against capital gains.

#### **Shareholders in reporting share classes**

Each individual share class is an offshore fund within the meaning of the TIOPA. Within this framework, all income from the sale, disposal or redemption of offshore fund units at the time of the sale, disposal or redemption are taxed as income and not as capital gains. These provisions do not apply if the fund is accorded reporting fund status and maintains this status during the period in which units are held.

For a share class to qualify as a reporting fund, the Company must apply to the UK tax authorities for the inclusion of the sub-fund in this category. The share class must then report 100% of the income of the share class for each financial year. The corresponding report can be consulted by investors on the UBS website. Private investors resident in the United Kingdom should include the reportable income in their income tax return. They will then be assessed on the basis of the declared income, whether the income was distributed or not. In determining the income, the income for accounting purposes is adjusted for capital and other items and is based on the reportable income of the corresponding sub-fund. Shareholders are hereby informed that income from trading (but not from investment activities) is classified as reportable income. The key criteria is the business activity. Given the lack of clarity in the guidelines concerning the difference between trading and investment activities, there is no guarantee that the proposed activities are not trading activities. Should the activities of the Company be partly or wholly classified as trading activities, then the annual reportable income for shareholders and the corresponding tax burden would probably be significantly higher than would otherwise be the case. Provided that the relevant share class fulfils the status of a reporting sub-fund, the income from this share class will be taxed as a capital gain and not as income, unless the investor is a securities trader. Such gains may therefore be exempt from capital gains tax under general or special provisions, which may lead to some UK investors bearing a comparatively lower tax burden.

In accordance with Part 3 Chapter 6 of the Offshore Funds (Tax) Regulations 2009 (hereinafter the "**2009 Regulations**"), certain transactions of a regulated sub-fund such as the Company are generally not treated as trading activities in the calculation of reportable income for reporting sub-funds that fulfil a genuine diversity of ownership condition. In this respect, the Board of Directors confirms that all share classes are primarily for private and institutional investors and are offered to these target groups. Regarding the 2009 Regulations, the Board of Directors confirms that the shares of the Company can be easily acquired and are marketed and made available in order to reach and attract the targeted categories of investors.

The attention of persons ordinarily resident in the United Kingdom is drawn to the provisions of Part 13(2) of the Income Tax Act 2007 ("Transfer of Assets Abroad"), which provide that under certain circumstances, these persons may be subject to income tax in connection with non-distributed income and profits arising on investments in sub-fund(s), or similar income and profits, which is not receivable in the United Kingdom by those persons.

In addition, it is important to note the provisions of Section 13 of the Taxation of Chargeable Gains Act of 1992, which govern the distribution of chargeable gains of companies that are not resident in the United Kingdom and that would be considered



“close companies” if they were resident in the UK. These gains are distributed to investors who are domiciled or have their ordinary place of residence in the UK. Profits distributed in this manner are taxable for all investors holding a share of more than 10% of the distributed profit either individually or together with associated persons.

The Company intends to make all reasonable efforts to ensure that the sub-fund or sub-funds are not classed as a “close company” within the meaning of Section 13 of the Taxation of Chargeable Gains Act if domiciled in the United Kingdom. Moreover, when determining the impact of Section 13 of the Taxation of Chargeable Gains Act of 1992, it is important to ensure that the regulations of the double taxation treaty between the United Kingdom and Luxembourg are taken into account.

### **PRC tax considerations**

For the purposes of this section of the sales prospectus: (i) “sub-fund” refers to the sub-funds investing directly or indirectly in QFII/QFI eligible securities through the Portfolio Manager’s QFII and/or QFI status or through the QFII and/or QFI status of any other entity within the UBS group, or investing in PRC onshore bonds that are traded directly on the CIBM or through Bond Connect; and (ii) “Portfolio Manager” refers to the Portfolio Manager and any other entity within the UBS group, as the context may require.

Pursuant to the current provisions in the PRC, foreign investors, including the sub-funds, generally invest in Chinese A shares and certain other investment products through a QFII or QFI, or via Stock Connect, or invest in onshore bonds in the PRC directly through the CIBM or through Bond Connect. By investing in PRC securities, the sub-fund may be subject to withholding tax and other taxes imposed by the PRC tax authorities.

#### PRC Corporate Income Tax (“CIT”)

If the sub-fund is considered tax resident in the PRC, it will be subject to corporate income tax (“CIT”) of 25% on its worldwide taxable income. If the sub-fund is considered non-tax resident in the PRC with a place of establishment (“PE”) in the PRC, the profits attributable to that PE are subject to CIT of 25%.

Under the CIT Act in force in the PRC since 1 January 2008, a company that is non-tax resident in the PRC without a PE in the PRC will generally be subject to withholding income tax (“WIT”) of 10% on the income earned in the PRC, including but not limited to passive income (e.g. dividends, interest, gains arising from transfer of assets, etc.).

The Portfolio Manager intends to manage and operate the sub-fund in such a manner that the sub-fund will not be treated as tax resident in the PRC or non-tax resident with a PE in the PRC for CIT purposes. although due to uncertainty surrounding the tax laws and practices in the PRC, this result cannot be guaranteed.

#### *(i) Interest and dividends*

Under current PRC tax laws and regulations, QFIIs/QFIs are subject to PRC WIT of 10% on cash and bonus dividends, profits distributions and interest payments from companies listed in the PRC. Such WIT levied in the PRC may possibly be reduced under an applicable double tax treaty or exempt from tax pursuant to a provision of domestic tax law. On 22 November 2018, the Ministry of Finance (“MOF”) and the State Administration of Taxation (“SAT”) of the PRC jointly released the Caishui [2018] No 108 circular (“Circular 108”) to address the tax issues in relation to interest income on bonds earned by foreign institutional investors from investments in the PRC bond market. In accordance with Circular 108, interest income on bonds earned by foreign institutional investors with no PE in the PRC (or with a PE in the PRC, but where such income generated in the PRC is not effectively related to that PE) between 7 November 2018 and 6 November 2021 is temporarily exempt from CIT. Further to Circular 108, on 22 November 2021, the MOF and the STA jointly released MOF/STA PN [2021] No. 34 (“PN 34”), which extended the exemption up to 31 December 2025. As this exemption is only temporary according to Circular 108 and PN 34, it remains unclear whether such an exemption will also apply after 31 December 2025.

Interest on government bonds issued by the competent Finance Bureau of the State Council and/or local government bonds approved by the State Council is exempt from PRC CIT under the CIT Act in force in the PRC.

#### *(ii) Capital gains*

Based on the CIT Act and its implementation rules, “income from the transfer of property” earned in the PRC by companies that are non-tax resident in the PRC should be subject to 10% WIT in the PRC unless exempt or taxable at a reduced rate under an applicable tax treaty.

On 14 November 2014, the MOF, the SAT and the CSRC of the PRC jointly released Caishui [2014] No. 79 (“Circular 79”) to address the tax issues in relation to capital gains on equity investments earned by QFIIs and QFIs. Under Circular 79, for QFIIs/QFIs (without a PE in the PRC or with a PE in the PRC but the income earned in China is effectively not connected with that PE) such capital gains were temporarily exempt from WIT in the PRC if they were realised on or after 17 November 2014, and subject to 10% WIT in the PRC in accordance with the applicable law if they were realised before 17 November 2014.

Circular 79 did not offer any further guidance concerning the question as to whether the temporary exemption applies to securities other than A shares.

In the absence of specific regulations, the application of CIT is governed by the general tax provisions of CIT law in the PRC. With regard to the capital gains on the disposal of PRC debt instruments, the PRC tax authorities have verbally indicated on numerous occasions that such gains are not considered to have been made in the PRC and are therefore not subject to the WIT applicable in the PRC. However, there is no specific written tax provision confirming this. In practice, no WIT is currently applied to capital gains made by foreign investors from trading PRC debt instruments. Should the PRC tax authorities decide to tax such income in the future, the portfolio manager would request the PRC tax authorities to treat the sub-fund as tax resident in Luxembourg and invoke the capital gains tax exemption provided for in the double taxation treaty between the PRC and Luxembourg, although this cannot be guaranteed.

### Value added tax (“VAT”) in the PRC

According to Caishui [2016] No. 36 circular (“**Circular 36**”) on the last phase of the VAT reform that came into force on 1 May 2016, gains on the transfer of PRC onshore securities became subject to VAT as of 1 May 2016.

According to Circular 36 and Caishui [2016] No. 70 circular (“Circular 70”), gains realised by QFIs/QFIs from the transfer of PRC debt instruments have been exempt from value added tax since 1 May 2016.

According to Circular 36, interest income earned by QFIs/QFIs on investments in PRC onshore bonds are subject to 6% VAT where no special exemption applies (see notes to Circular 108 below). According to Circular 36, interest income on deposits is not subject to VAT, and interest income on government bonds is exempt from VAT. Circular 108 provides for the exemption from VAT on interest income on bonds earned by foreign institutional investors investing in the Chinese bond market between 7 November 2018 and 6 November 2021, which has been further extended up to 31 December 2025 in accordance with PN34. As this exemption under Circular 108 and PN34 is only temporary, it remains unclear whether such an exemption will also apply after 31 December 2025. Where VAT is payable, additional taxes also apply (including the urban construction and maintenance tax, the education surcharge and the regional education surcharge) amounting to up to 12% of the applicable VAT.

### Stamp duty in the PRC

The seller will be liable for stamp duty at the rate of 0.1% of the proceeds on the sale of shares listed in the PRC. No stamp duty is expected to be imposed on holders of government and corporate bonds who are non-tax resident in the PRC, either upon issuance or upon subsequent transfer of such bonds.

### Investments in Chinese A shares via Stock Connect

On 14 November 2014 and 2 December 2016, the MOF, the SAT and the CSRC jointly released Caishui [2014] No. 81 (“Circular 81”) and Caishui [2016] No. 127 (“Circular 127”) in order to clarify questions concerning taxation in the PRC in relation to Stock Connect. According to Circular 81 and Circular 127, capital gains realised by foreign investors from trading in A shares through Stock Connect are temporarily exempt from CIT applicable in the PRC and from VAT. Foreign investors are obliged to pay the 10% WIT on dividends applicable in the PRC. This will be withheld by companies listed in the PRC and remitted to the competent tax authorities in the PRC. Investors resident for tax purposes in a country that has concluded a tax treaty with the PRC can apply for a refund of any excess WIT paid in the PRC, provided the relevant tax treaty stipulates a lower rate of WIT for dividends in the PRC than the one paid.

The sub-fund is subject to stamp duty applicable in the PRC of 0.1% of the sales proceeds from the disposal of A shares through Stock Connect.

## **Tax-related risk factors in the PRC**

### Tax considerations for Chinese A shares and other securities

There are risks and uncertainties associated with the applicable tax laws and regulations and the current tax practice in the PRC for capital gains and interest income realised for the sub-fund’s investments in PRC securities (that may apply retroactively). A high tax liability for the sub-fund may have a negative effect on the sub-fund’s value. The following principles formed on the basis of independent, professional tax advice apply to the creation of tax provisions for the sub-fund:

- (i) For the 10% WIT, a provision is made for non-government PRC onshore bonds for any interest income earned before 7 November 2018 that was not subject to the WIT as a withholding tax by the issuer in the PRC.
- (ii) For the 6.3396% VAT (including surcharges), a provision is made for non-government PRC onshore bonds for any interest income earned before 7 November 2018 that was not subject to the VAT as a withholding tax by the issuer in the PRC (this VAT regime is applicable as of 1 May 2016).

In the event of any further changes to tax law or regulations, as soon as practicable, the Board of Directors (in consultation with the Portfolio Manager) will make the adjustments to the amount of tax provision they consider necessary. The amount of any such tax provision will be disclosed in the accounts of individual sub-funds.

Investors should take account of the following: if the actual tax levied by the PRC tax authorities is greater than that set aside by the Portfolio Manager so that there is a shortfall in the tax provision amount, the net asset value of the sub-fund may fall by more than the tax provision amount as the sub-fund ultimately has to bear the additional tax liabilities. In this case, the current and new shareholders will be placed at a disadvantage. If the actual applicable tax levied by the PRC tax authorities is less than that set aside by the Board of Directors so that there is a surplus in the tax provision amount, shareholders who have redeemed their shares before the PRC tax authorities’ ruling, decision or guidance in this respect will be disadvantaged as they would have borne the loss from the overprovision. In this case, the current and new shareholders may benefit if the difference between the tax provision and the actual tax liability can be returned to the sub-fund.

## Partial exemption under the German Investment Tax Act of 2018

In addition to the investment restrictions set out in the sub-fund's special investment policy, the Management Company shall take into account the provisions on partial exemption pursuant to Section 20(1) and (2) of the German Investment Tax Act of 2018 ("**InvStG**") when managing the sub-funds listed below.

In the case of investments in target investment funds, these target investment funds are taken into account by the sub-funds when calculating their equity participation rate. Insofar as such data is available, the equity participation ratios of the target funds, which are calculated and published at least weekly, are taken into account in this calculation in accordance with Section 2(6) or (7) of the German Investment Tax Act.

For this reason, the following sub-funds will continuously invest at least 50% of their respective assets in equity investments (as defined in Section 2(8) of the German Investment Tax Act and related guidelines) in order to qualify as "**Equity funds**" within the meaning of Section 2(6) of the German Investment Tax Act for the partial exemption pursuant to Section 20(1) of the above Act.

- UBS (Lux) Key Selection SICAV – Asian Equities (USD)
- UBS (Lux) Key Selection SICAV – Digital Transformation Themes (USD)
- UBS (Lux) Key Selection SICAV – European Equity Value Opportunity (EUR)
- UBS (Lux) Key Selection SICAV – Global Equities (USD)
- UBS (Lux) Key Selection SICAV – Turnaround Equity Opportunities (USD)
- UBS (Lux) Key Selection SICAV – European Equity Sustainable Leaders (EUR)

The following sub-funds will continuously invest at least 25% of their respective assets in equity investments (as defined in Section 2(8) of the German Investment Tax Act and related guidelines) in order to qualify as a "**mixed fund**" within the meaning of Section 2(7) of the German Investment Tax Act for the partial exemption pursuant to Section 20(2) of the German Investment Tax Act.

- UBS (Lux) Key Selection SICAV – China Equity Unconstrained (USD)
- UBS (Lux) Key Selection SICAV – Digital Transformation Dynamic (USD)

All sub-funds other than those specifically mentioned above are to be considered "**other funds**" within the meaning of the German Investment Tax Act.

German investors should consult their tax advisor regarding the tax consequences of an investment in an "equity fund", a "mixed fund" or an "other fund" under the German Investment Tax Act.

## DAC 6 – Disclosure requirements for reportable cross-border tax arrangements

On 25 June 2018, Council Directive (EU) 2018/822 ("DAC 6") entered into force, which introduces rules on the mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements. DAC 6 is designed to give the tax authorities of EU Member States access to comprehensive and relevant information on potentially aggressive tax-planning arrangements, and to enable them to react promptly against harmful tax practices and to close loopholes by enacting legislation or by undertaking adequate risk assessments and carrying out tax audits.

Although the commitments under DAC 6 only apply from 1 July 2020, it may be necessary to notify arrangements implemented between 25 June 2018 and 30 June 2020. The Directive requires intermediaries in the EU to provide information on reportable cross-border arrangements, including details of the arrangement and information identifying the intermediaries and relevant taxpayers involved, i.e. the persons to whom the reportable cross-border arrangement is made available, to the relevant local tax authorities. The local tax authorities then exchange this information with the tax authorities of other EU Member States. The company may therefore be required by law to provide the competent tax authorities with information known to it, in its possession or under its control about cross-border arrangements that are subject to reporting requirements. This legislation may also concern schemes which are not necessarily aggressive tax planning.

## Expenses paid by the Company

The Company pays a maximum monthly flat fee for share classes "P", "N", "K-1", "F", "Q", "QL", "A", "I-A1", "I-A2", "I-A3" and "I-A4", calculated on the average net asset value of the sub-funds. This shall be used as follows:

1. In accordance with the following provisions, a maximum flat fee based on the net asset value of the Company is paid from the Company's assets for the management, administration, portfolio management, investment advice, and distribution of the Company (if applicable), as well as for all Depositary tasks, such as the safekeeping and supervision of the Company's assets, the processing of payment transactions and all other tasks listed in the "Depositary and Main Paying Agent" section: This fee is charged to the Company's assets on a pro rata basis upon every calculation of the net asset value and is paid on a monthly basis (maximum flat fee). The maximum flat fee for share classes with "hedged" in their name may include foreign exchange risk hedging charges. The relevant maximum flat fee will not be charged until the corresponding share classes have been launched. An overview of the maximum flat fees can be found under "The sub-funds and their special investment policies".  
The maximum flat fee effectively applied can be found in the annual and semi-annual reports.
2. The maximum flat fee does not include the following fees and additional expenses, which are also charged to the Company's assets:
  - a) All additional expenses related to management of the Company's assets for the sale and purchase of assets (bid-ask spread, brokerage fees in line with the market, commissions, fees, etc.). As a rule, these expenses are calculated upon the purchase or sale of the respective assets. In derogation hereto, these additional expenses, which arise through the sale and purchase of assets in connection with the settlement of the issue and redemption of units, are covered by the application of the single swing pricing principle pursuant to the section titled "Net asset value, issue, redemption and conversion price".
  - b) Fees of the supervisory authority for the establishment, modification, liquidation and merger of the Company, as well as all charges payable to the supervisory authorities and any stock exchanges on which the sub-funds are listed;
  - c) Auditor's fees for the annual audit and certification in connection with the establishment, modification, liquidation and merger of the Company, as well as any other fees paid to the audit firm for the services it provides in relation to the administration of the Fund as permitted by law; Costs charged by the Master Fund for the preparation of ad hoc reports, provided that these arise in relation to the preparation of annual or semi-annual reports for the Feeder Fund UBS (Lux) Key Selection SICAV – Multi Strategy Alternatives (EUR);
  - d) Fees for legal and tax advisers, as well as notaries, in connection with the establishment, registration in distribution countries, modification, liquidation and merger of the Company, as well as for the general safeguarding of the interests of the Company and its investors, insofar as this is not expressly prohibited by law;
  - e) Costs for the publication of the Company's net asset value and all costs for notices to investors, including translation costs;
  - f) Costs for the Company's legal documents (prospectuses, KIDs, annual and semi-annual reports, as well as all other documents legally required in the countries of domiciliation and distribution);
  - g) Costs for the Company's registration with any foreign supervisory authorities, if applicable, including fees payable to the foreign supervisory authorities, as well as translation costs and fees for the foreign representative or paying agent;
  - h) Expenses incurred through use of voting or creditors' rights by the Company, including fees for external advisers;
  - i) Costs and fees related to any intellectual property registered in the Company's name or to the Company's rights of usufruct;
  - j) All expenses arising in connection with any extraordinary measures taken by the Management Company, Portfolio Manager or Depositary to protect the interests of the investors;
  - k) If the Management Company participates in class-action suits in the interests of investors, it may charge the Company's assets for the expenses arising in connection with third parties (e.g. legal and Depositary costs). Furthermore, the Management Company may charge for all administrative costs, provided these are verifiable, and published and/or taken into account in the disclosure of the Company's total expense ratio (TER).
  - l) Fees, costs and expenses payable to the directors of the Company (including reasonable out-of-pocket expenses, insurance coverage and reasonable travel expenses in connection with meetings of the Board and remuneration of directors);
3. The Management Company may pay retrocessions to cover the distribution activities of the Company.

4. The Management Company or its agents may pay out rebates directly to investors. Rebates serve to reduce the cost attributable to investors concerned.

Rebates are permitted provided that they:

- are paid out of fees of the Management Company or its agents and thus do not additionally impair the assets of the sub-fund;
- are granted on the basis of objective criteria;
- are granted to the same extent to all investors who meet the objective criteria equally and demand rebates;
- increase the quality of the service for which the rebate is granted (e.g. by contributing to higher assets of the sub-fund that can lead to a more efficient management of the assets and a reduced liquidation probability of the sub-fund and/or a reduction of the fixed costs pro rate for all investors) and all investors bear their fair share of the sub-fund's fees and costs.

The objective criterion for granting rebates is:

- the total assets held by the investor in the share class of the sub-fund that qualifies for rebates;

Additional criteria may be:

- the total assets in UBS collective investment schemes held by the investor and/or
- the region where the investor is domiciled.

Upon request of the investor, the Management Company or its agents shall disclose the corresponding amount of the rebates free of charge.

All taxes levied on the income and assets of the Company, particularly the tax d'abonnement, will also be borne by the Company

For purposes of general comparability with fee rules of different fund providers that do not have a flat fee, the term "maximum management fee" is set at 80% of the flat fee.

For share class "I-B", a fee is charged to cover the costs of fund administration (comprising the costs of the Company, the administrative agent and the Depositary). The costs for asset management and distribution are charged outside of the Company under a separate contract concluded directly between the shareholder and UBS Asset Management Switzerland AG or one of its authorised representatives.

Costs relating to the services performed for share classes I-X, K-X and U-X for asset management, fund administration (comprising the costs of the Company, the administrative agent and the Depositary) and distribution are covered by the compensation to which UBS Asset Management Switzerland AG is entitled to under a separate contract with the shareholder. Costs relating to the services to be performed for share classes "K-B" for asset management purposes are covered by the compensation to which UBS Asset Management Switzerland AG or one of its authorised distribution partners is entitled under a separate contract with the investor.

All costs that can be allocated to specific sub-funds will be charged to those sub-funds.

Costs that can be attributed to individual share classes will be charged to these share classes. If costs are incurred in connection with several or all sub-funds/share classes, however, these costs will be charged to these sub-funds/share classes in proportion to their relative net asset values.

With regard to sub-funds that may invest in other UCIs or UCITS under the terms of their investment policies, fees may be incurred both at the level of the relevant target fund as well as at the level of the sub-fund.

The management fees (excluding performance fees) of the target fund in which the assets of the sub-fund are invested may amount to a maximum of 3.00%, taking into account any trailer fees.

Should a sub-fund invest in units of funds that are managed directly or by delegation by the Management Company or by another company linked to the Management Company through common management or control or through a substantial direct or indirect holding, no issue or redemption charges may be charged to the investing sub-fund in connection with these target fund units.

Details of the Company's ongoing costs (or ongoing charges) can be found in the KIDs.

## **Information for shareholders**

### **Regular reports and publications**

An annual report is published for each sub-fund and for the Company as at 30 September and a semi-annual report as at 31 March.

The aforementioned reports contain a breakdown of each sub-fund, or respectively, each share class in the relevant currency of account. The consolidated breakdown of assets for the Company as a whole is given in EUR.

The annual report, which is published within four months of the end of the financial year, contains the annual accounts audited by the independent auditors. It also contains details on the underlying assets to which the respective sub-funds are exposed through the use of derivative financial instruments and the counterparties involved in these derivative transactions, as well as the amount and type of collateral provided in favour of the sub-fund by the counterparties in order to reduce the credit risk. These reports are available to shareholders at the registered office of the Company and the Depositary.

The issue and redemption prices of the shares of each sub-fund are made available in Luxembourg at the registered office of the Company and the Depositary.

Notices to shareholders will be published at [www.ubs.com/lu/en/asset\\_management/notifications](http://www.ubs.com/lu/en/asset_management/notifications) and can be sent by email to those shareholders who have provided an email address for this purpose. Paper copies of such notices will be mailed to those shareholders who have not provided an email address at the postal address recorded in the shareholder registry. Paper copies will also be mailed to shareholders where required by Luxembourg law or supervisory authorities, or legally required in the relevant countries of distribution, and/or published in another form permitted by Luxembourg law.

### **Inspection of documents**

The following documents are kept at the registered office of the Company and/or Management Company, where they can be viewed:

1. The Articles of Incorporation of the Company and the Management Company
2. Depositary Agreement
3. Portfolio Management Agreement
4. Management Company Agreement
5. Administrative Agent Agreement

The aforementioned agreements may be amended by common consent of the parties involved.

### **Handling complaints, strategy for exercising voting rights and best execution**

In accordance with Luxembourg laws and regulations, the Management Company provides additional information on procedures for handling complaints and best execution, as well as the strategy for exercising voting rights on the following website:

[http://www.ubs.com/lu/en/asset\\_management/investor\\_information.html](http://www.ubs.com/lu/en/asset_management/investor_information.html)

### **Remuneration policy of the Management Company**

The Board of Directors of the Management Company has adopted a remuneration policy that aims to ensure remuneration complies with the applicable regulations – in particular the provisions defined under (i) UCITS Directive 2014/91/EU, the ESMA final report on sound remuneration policies under the UCITS Directive and AIFMD published on 31 March 2016, (ii) the Alternative Investment Fund Managers (AIFM) Directive 2011/61/EU, enacted into Luxembourg national law by the AIFM Law of 12 July 2013, as amended, the ESMA guidelines on sound remuneration policies under the AIFMD, published on 11 February 2013 and (iii) the CSSF Circular 10/437 on Guidelines concerning the remuneration policies in the financial sector, issued on 1 February 2010 – as well as the guidelines of the UBS Group AG remuneration policy. This remuneration policy is reviewed at least annually.

The remuneration policy promotes a solid and effective risk management framework, is aligned with the interests of investors, and prevents risks from being taken that do not comply with the risk profiles, the Management Regulations, or the Articles of Incorporation of this UCITS/AIF. The remuneration policy also ensures compliance with the strategies, objectives, values and interests of the Management Company and the UCITS/AIF, including measures to prevent conflicts of interest.

Furthermore, this approach aims to:

- Evaluate performance over a multi-year period that is suitable to the recommended holding period of investors in the sub-fund, in order to ensure that the evaluation process is based on the Company's long-term performance and investment risks, and that performance-related remuneration is actually paid out over the same period;
- Provide employees with remuneration that comprises a balanced mix of fixed and variable elements. The fixed remuneration component represents a sufficiently large portion of the total remuneration amount, which allows for a flexible bonus strategy. This includes the option not to pay any variable remuneration. This fixed remuneration is determined according to the individual employee's role, which includes their responsibilities and the complexity of their work, their performance, and the local market conditions. Furthermore, it should be noted that the Management Company may, at its own discretion, offer benefits to employees. These form an integral part of the fixed remuneration.

All information relevant hereto shall be disclosed in the annual reports of the Management Company in accordance with the provisions of UCITS Directive 2014/91/EU.

Investors can find more details about the remuneration policy, including, but not limited to, the description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits, including the composition of the remuneration committee (if any), are available on [http://www.ubs.com/lu/en/asset\\_management/investor\\_information.html](http://www.ubs.com/lu/en/asset_management/investor_information.html).

This information can also be requested in hard copy from the Management Company free of charge.

### **Conflicts of interest**

The Board of Directors, the Management Company, the Portfolio Manager, the Depositary, the administrative agent and the other service providers of the Company, and/or their respective affiliates, associates, employees or any person connected with them may be subject to various conflicts of interest in their relationships with the Company.

The Management Company, the Company, the Portfolio Manager, the administrative agent and the Depositary have adopted and implemented a policy on conflicts of interest. They have taken suitable organisational and administrative measures to identify and manage conflicts of interest so as to minimise the risk of the Company's interests being prejudiced, as well as to ensure that the Company's shareholders are treated fairly in the event that a conflict of interest cannot be prevented.

The Management Company, the Depositary, the Portfolio Manager, the principal distributor, the Securities Lending Agent and the Securities Lending Service Provider are part of the UBS Group (the "**Affiliated Person**").

The Affiliated Person is a global, full-service private banking, investment banking, asset management and financial services organisation that is a major player in the global financial markets. As such, the Affiliated Person is engaged in various business activities and may have other direct or indirect interests in the financial markets in which the Company invests.

The Affiliated Person (as well as its subsidiaries and branches) may serve as the counterparty in financial derivative contracts entered into with the Company. Conflicts of interest may also potentially arise if the Depositary is closely associated with a legally independent entity of the Affiliated Person that provides other products or services to the Company.

In the conduct of its business, the Affiliated Person shall endeavour to identify, manage and where necessary prohibit any action or transaction that may lead to a conflict of interest between the various business activities of Affiliated Person and the Company or its shareholders. The Affiliated Person endeavours to manage any conflicts in a manner consistent with the highest standards of integrity and fair dealing. To this end, the Affiliated Person has implemented procedures to ensure that any business activities giving rise to a conflict that could harm the interests of the Company or its shareholders are carried out with an appropriate level of independence and that any conflicts are resolved fairly. Investors may obtain additional information on the Management Company and/or the Company's policy on conflicts of interest free of charge by addressing a written request to the Management Company.

Despite the Management Company's best efforts and due care, there remains the risk that the organisational or administrative measures taken by the Management Company for the management of conflicts of interest may not be sufficient to ensure, with reasonable confidence, that all risks of damage to the interests of the Company or its shareholders are eliminated. If this should be the case, any non-mitigated conflicts of interest and any decisions taken in relation thereto will be notified to investors on the following website of the Management Company: [http://www.ubs.com/lu/en/asset\\_management/investor\\_information.html](http://www.ubs.com/lu/en/asset_management/investor_information.html).

This information is also available free of charge at registered office of the Management Company.

In addition, it must be taken into account that the Management Company and the Depositary are members of the same group. Accordingly, both these entities have put in place policies and procedures to ensure that they (i) identify all conflicts of interests arising from this relationship and (ii) take all reasonable steps to avoid such conflicts of interest.

Where a conflict of interest arising out of the relationship between the Management Company and the Depositary cannot be avoided, the Management Company or the Depositary will manage, monitor and disclose that conflict of interest in order to prevent adverse effects on the interests of the Company and of the shareholders.

A description of all custody tasks delegated by the Depositary, as well as a list of all delegates and sub-delegates of the Depositary can be found on the following webpage: <https://www.ubs.com/global/en/legalinfo2/luxembourg.html>. Up-to-date information on this will be made available to investors upon request.

### **Index provider**

#### **Bloomberg**

BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL") (collectively, "Bloomberg"), or Bloomberg's licensors, own all proprietary rights in the Bloomberg indices specified in this Sales Prospectus.

#### **FTSE**

Source: The London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). © LSE Group 2020. FTSE Russell is a trading name of certain of the LSE Group companies. "FTSE®" is a trademark of the relevant LSE Group companies and is used by any other LSE Group company under license. All rights relating to the FTSE Russell indices or data are owned by the respective LSE Group company to which the index or data belongs. Neither LSE Group nor its licensors accept any liability for errors or omissions in the indexes or data, and no party may rely on any indexes or data contained in this communication. No data from the LSE Group may be passed on without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication.

### **ICE BofA**

ICE Data Indices ("ICE DATA") are used with permission. ICE DATA, its affiliates and their respective third party suppliers disclaim any and all warranties and representations, express or implied, including any warranties of merchantability or fitness for a particular purpose or use, including the indices, index data and any data related, connected or derived thereto. Neither ICE DATA, its affiliates nor their third party suppliers shall be liable for any damages or be held responsible for the adequacy, accuracy, timeliness or completeness of the indices or the index data or any part thereof, and the indices, the index data and any component thereof are provided on an "as is" basis and use is at one's own risk. ICE DATA, its affiliates and their respective third party suppliers do not sponsor, endorse, or recommend UBS Asset Management Switzerland AG and its affiliates, or any of their products or services. The English version of this disclaimer shall take precedence.

### **J.P. Morgan**

The information is obtained from sources believed to be reliable, but J.P. Morgan cannot guarantee its completeness or accuracy. The Index is used with permission. The Index may not be copied, distributed or used in any way without the prior written consent of J.P. Morgan. Copyright 2016, J.P. Morgan Chase & Co. All rights reserved.

### **MSCI**

The MSCI information may only be used for internal use, may not be reproduced or distributed in any form and may not be used as the basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecasts or prediction. The MSCI information is provided "as is" and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages.

### **Refinitiv**

Refinitiv Index powered by Refinitiv information and calculated by Refinitiv.

### **Benchmark Regulation**

The indices used by the sub-funds as benchmarks ("use" defined in accordance with Regulation (EU) 2016/1011, hereinafter the "Benchmark Regulation") as at the date of this Sales Prospectus are provided by:

(i) benchmark administrators included in the register of administrators and benchmarks kept by ESMA in accordance with Article 36 of the Benchmark Regulation. Up-to-date information on whether the benchmark is provided by an administrator listed in ESMA's register of EU benchmark administrators and third-country benchmarks is available at <https://registers.esma.europa.eu> and/or

(ii) benchmark administrators authorised under the UK Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019 ("UK Benchmarks Regulations"), who have third-country benchmark administrator status within the meaning of the Benchmarks Regulations and are listed on a register of administrators and benchmarks maintained by the FCA and available at <https://register.fca.org.uk/BenchmarksRegister>; and/or

(iii) benchmark administrators to whom the transitional arrangements under the Benchmark Regulation apply and, consequently, are not yet included in the register of administrators and benchmarks kept by the ESMA.

The transition period for benchmark administrators and the period in which they must apply for authorisation or registration as an administrator under the Benchmarks Regulation depend both on the classification of the benchmark concerned and on the domicile of the benchmark administrator.

In the event of significant changes to or the cessation of a benchmark, the Management Company has a written contingency plan that includes the measures to be taken in such a case, as required by Article 28(2) of the Benchmark Regulation. Shareholders can consult this contingency plan free of charge at the registered office of the Management Company.

### **Data protection**

In accordance with the provisions of the Luxembourg Law of 1 August 2018 on the organisation of the National Data Protection Commission and the general data protection framework, as amended, and Regulation (EU) 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "data protection legislation"), the Company acts as a data controller and collects, stores and processes, by electronic or other means, the data provided by investors for the purpose of performing the services required by investors and in order to meet the Company's legal and supervisory obligations.

The data processed includes in particular the investor's name, contact details (including their postal or email address), bank account details, the amount and the nature of the investments in the Company (and if the investor is a legal entity, the data of natural persons connected with this legal entity, such as its contact person(s) and/or beneficial owner(s)) ("personal data"). Investors may decline to transfer personal data to the Company at their own discretion. However, in this case the Company is entitled to reject orders to subscribe shares.

Investors' personal data is processed when they enter into a relationship with the Company and in order to carry out the subscription of shares (i.e. to fulfil a contract), to safeguard the Company's legitimate interests and to meet the Company's legal obligations. Personal data is processed for the following purposes in particular: (i) to carry out subscriptions, redemptions



and conversions of shares, pay dividends to investors and administer client accounts; (iii) to manage client relationships; (iii) to carry out checks relating to excess trading and market timing practices and for tax identification that may be mandated by Luxembourg or foreign legislation and regulations (including laws and regulations relating to FATCA and the CRS); (iv) to comply with applicable anti-money laundering regulations. Data provided by shareholders is also processed (v) to administer the Company's register of shareholders. In addition, personal data may be used (vi) for marketing purposes. The above-mentioned legitimate interests include:

- the purposes listed in points (ii) and (vi) of the previous paragraph of this data protection section for which data may be processed;
- meeting the accounting and supervisory obligations of the Company in general;
- carrying out the Company's business in accordance with appropriate market standards.

For this purpose and in accordance with the provisions of the data protection legislation, the Company may transfer personal data to its data recipients (the "recipients"), who may be affiliated or external companies that assist the Company in its activities in relation to the above-mentioned purposes. These include in particular the management company, the administrative agent, the distributors, the depositary, the paying agent, the investment manager, the domiciliary agent, the global distributor, the auditor and the legal advisor of the Company.

The recipients may pass on the personal data on their own responsibility to their representatives and/or agents (the "sub-recipients"), who may process the personal data solely for the purpose of assisting the recipients in performing their services for the Company and/or in meeting their legal obligations.

The recipients and sub-recipients may be located in countries inside or outside the European Economic Area (EEA) where data protection legislation may not provide an appropriate level of protection.

When transferring personal data to recipients and/or sub-recipients located in a country outside the EEA which does not have appropriate data protection standards, the Company shall establish contractual safeguards to ensure that investors' personal data is afforded the same protection as that provided by the data protection legislation and may use the model clauses approved by the European Commission to do so. Investors are entitled to request copies of the relevant documents that enable the transfer of personal data to these countries by sending a written request to the Company's address listed above.

When subscribing to shares, every investor is explicitly reminded that their personal data may be transferred to and processed by the above-mentioned recipients and sub-recipients, including companies located outside the EEA and in particular in countries that may not offer an appropriate level of protection.

The recipients and sub-recipients may process the personal data as processors when handling the data on the Company's instructions, or as controllers in their own right when processing the personal data for their own purposes, i.e. to meet their own legal obligations. The Company may also transfer personal data to third parties in accordance with the applicable legislation and regulations, such as government and supervisory authorities, including tax authorities inside or outside the EEA. In particular, personal data may be passed on to the Luxembourg tax authorities which in turn act as controllers and can forward this data to foreign tax authorities.

In accordance with the provisions of the data protection legislation, every investor has the right, by sending a written request to the Company's address listed above, to the following:

- Access to their personal data (i.e. the right to obtain confirmation from the Company as to whether their personal data is being processed, the right to obtain certain information as to how the fund processes their personal data, the right of access to such data and the right to obtain a copy of the personal data processed (subject to any statutory exemptions));
- Rectification of their personal data if it is inaccurate or incomplete (i.e. the right to oblige the Company to update or correct inaccurate or incomplete personal data or factual errors accordingly);
- Restriction of the use of their personal data (i.e. the right to request that the processing of their personal data is restricted to the storage of such data in certain circumstances until they give consent);
- Objecting to the processing of their personal data, including to the processing of their personal data for marketing purposes (i.e. the right to object, on grounds relating to the specific situation of the investor, to the processing of personal data based on the performance of a task carried out in the public interest or the legitimate interests of the Company; the Company terminates such processing unless it can prove that there are compelling legitimate grounds for the processing which override the interests, rights and freedoms of the investor or that they need to process the data for the establishment, exercise or defence of legal claims);
- Deletion of their personal data (i.e. the right to request the erasure of personal data under certain conditions, including when processing of such data by the Company is no longer necessary in relation to the purposes for which it was collected or processed);
- Data portability (i.e. the right, if technically feasible, to request the transfer of the data to the investor or another controller in a structured, widely used and machine-readable format).

Investors also have the right to lodge a complaint with the National Data Protection Commission at 1, Avenue du Rock'n'Roll, L-4361 Esch-sur-Alzette, Grand Duchy of Luxembourg, or with another national data protection authority if they are resident in another Member State of the European Union.

Personal data will not be stored for longer than required for the purpose for which the data is being processed. The relevant statutory time limits for data storage shall apply.

## **Liquidation of the Company and its sub-funds; merger of sub-funds**

### **Liquidation of the Company and its sub-funds**

The Company may be dissolved at any time by the general meeting of shareholders in due observance of the legal provisions governing the quorum and majority voting requirements.

If the total net assets of the Company fall below two thirds or one quarter of the prescribed minimum capital, the Board of Directors of the Company must ask for a vote by the general meeting of shareholders on whether to liquidate the Company. If the Company is liquidated, it will be wound up by one or more liquidators. These shall be designated by the general meeting of shareholders, which will also determine their remuneration and the scope of the powers granted to them. The liquidators will realise the Company's assets in the best interests of the shareholders and distribute the net proceeds from the liquidation of these sub-funds to the shareholders of these sub-funds or share classes in proportion to their respective holdings. Any liquidation proceeds which cannot be distributed to the shareholders at the end of the liquidation process (which can take up to nine months), will be deposited immediately at the Caisse de Consignation in Luxembourg.

Defined maturity sub-funds are automatically wound up and liquidated upon expiry of their respective terms.

If the total net asset value of a sub-fund, or share class within a sub-fund, has fallen below or failed to reach a value required for that sub-fund or share class to be managed with economic efficiency; or in the event of a substantial change in the political, economic and monetary environment; or as part of a rationalisation; the general meeting of shareholders or the Board of Directors of the Company may decide to redeem all shares of the corresponding share class(es) at the net asset value (taking into account the actual investment realisation rates and expenses) as at the valuation day or time at which the decision takes effect.

The provisions of the section "General meeting of the Company or of the shareholders of the relevant sub-fund" shall apply accordingly to the decision of the general meeting of shareholders. The Board of Directors may also dissolve and liquidate a sub-fund or share class in accordance with the provisions described in the above sentence.

The shareholders of the respective sub-fund will be informed of the decision taken by the general meeting of shareholders or the Company's Board of Directors to redeem shares in the manner described above in the section titled "Regular reports and publications".

### **Merger of the Company or of sub-funds with another undertaking for collective investment ("UCI") or with a sub-fund thereof; merger of sub-funds**

"Mergers" are transactions in which

- a) one or more UCITS or sub-funds of such UCITS (the "**absorbed UCITS**"), upon being wound up without liquidation, transfer all assets and liabilities to another existing UCITS or a sub-fund of that UCITS (the "**absorbing UCITS**"), and the shareholders of the absorbed UCITS receive in return shares in the absorbing UCITS and, if applicable, a cash payment not exceeding 10% of the net asset value of such shares;
- b) two or more UCITS or sub-funds of such UCITS (the "**absorbed UCITS**"), upon being wound up without liquidation, transfer all their assets and liabilities to another UCITS formed by them or a sub-fund of that UCITS (the "**absorbing UCITS**"), and the shareholders of the absorbed UCITS receive in return shares in the absorbing UCITS and, if applicable, a cash payment not exceeding 10% of the net asset value of such shares;
- c) one or more UCITS or sub-funds of such UCITS (the "**absorbed UCITS**") that continue to exist until liabilities have been paid off transfer all net assets to another sub-fund of the same UCITS, to another UCITS formed by them or to another existing UCITS or a sub-fund of that UCITS (the "**absorbing UCITS**").

Mergers are permissible under the conditions provided for in the Law of 2010. The legal consequences of a merger are defined in the Law of 2010.

Under the conditions described in the section "Liquidation of the Company and its sub-funds", the Board of Directors of the Company may decide to allocate the assets of a sub-fund or of a share class to another existing sub-fund or share class of the Company, or to another Luxembourg UCI pursuant to Part I of the Law of 2010, or to a foreign UCITS pursuant to the provisions of the Law of 2010; and to redesignate the shares of the sub-fund or share class in question as shares of another sub-fund or of another share class (as a result of the scission or consolidation, if necessary, and through the payment of an amount that corresponds to the pro rata entitlement of the shareholders). Notwithstanding the powers of the Board of Directors of the Company mentioned in the previous section, the decision to merge sub-funds, as described above, may also be taken by the general meeting of the shareholders of the sub-fund in question.

Shareholders will be informed of any such decision in the manner described above in the section entitled "Regular reports and publications". During the 30 days following the notification of such a decision, shareholders will have the right to redeem all or part of their shares at the prevailing net asset value, free of redemption charge or other administrative charges, in accordance with the established procedure outlined under "Redemption of shares". Shares not presented for redemption will be exchanged based on the net asset values of the sub-funds concerned, calculated for the same day as the one used to determine

the conversion ratio. If units in an investment fund established as a “fonds commun de placement” are allocated, the decision is binding only for the investors who voted in favour of the allocation.

### **General meeting of the Company or of the shareholders of the relevant sub-fund**

For both the liquidation and merger of sub-funds, no minimum quorum is required at the General meeting of the Company or of the shareholders of the relevant sub-fund, and decisions can be approved by a simple majority of the shares present or represented at this general meeting.

### **Applicable law, place of performance and legally binding document language**

The Luxembourg District Court shall have jurisdiction to hear all legal disputes between the shareholders, the Company, the Management Company and the Depositary. Luxembourg law shall apply. However, in matters concerning the claims of investors from other countries, the Company and/or the Depositary may elect to make themselves subject to the jurisdiction of the countries in which the shares were bought and sold.

Only the English version of this Sales Prospectus shall be legally binding. However, the Company and the Depositary may recognise translations (they themselves have approved) into the languages of the countries in which shares are offered or sold to investors as binding upon themselves in matters concerning those shares.

### **Investment principles**

The following conditions also apply to the investments made by each sub-fund:

#### **1. Permitted investments of the Company**

1.1 The investments of the Company may consist exclusively of one or more of the following components:

- a) Securities and money market instruments that are listed or traded on a “regulated market” as defined in Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments;
- b) Securities and money market instruments that are traded in a Member State on another market which is recognised, regulated, operates regularly and is open to the public. The term “**Member State**” designates a member country of the European Union; countries that are parties to the agreement on the European Economic Area but are not Member States of the European Union are considered equivalent to Member States of the European Union, within the limits of said agreement and its related agreements;
- c) Securities and money market instruments admitted to official listing on a stock exchange in a non-Member State or traded on another market of a European, American, Asian, African or Australasian country (hereinafter “**approved state**”) which operates regularly and is recognised and open to the public;
- d) Newly issued securities and money market instruments, provided the terms of issue stipulate that an application must be made for admission to official listing on one of the securities exchanges or regulated markets mentioned under Points 1.1(a)–(c), and that this admission must be granted within one year of the issue of the securities;
- e) Units of UCITS admitted pursuant to Directive 2009/65/EC and/or other UCIs within the meaning of Article 1(2)(a) and (b) of Directive 2009/65/EC with their registered office in a Member State as defined in the Law of 2010, or in a non-Member State, provided that:
  - such other UCIs have been approved in accordance with legislation subjecting them to prudential supervision that, in the opinion of the CSSF, is equivalent to that which applies under Community law, and that adequate provision exists for ensuring cooperation between authorities;
  - the level of protection afforded to unitholders in the other UCIs is equivalent to that afforded to shareholders in the Company and, in particular, regulations apply that are equivalent to those in Directive 2009/65/EC governing the segregation of assets, borrowing, lending and the short-selling of securities and money market instruments;
  - the business operations of the other UCI are the subject of annual and semi-annual reports that permit an assessment to be made of the assets and liabilities, income and transactions arising during the reporting period;
  - the UCITS or such other UCIs, the units of which are to be acquired, may invest no more than 10% of its assets in units of other UCITS or UCIs pursuant to its Management Regulations or its founding documents.

Each sub-fund may invest no more than 10% of its assets in other UCITS or UCIs, unless otherwise stipulated in the investment policy of that sub-fund.

- f) Sight deposits or deposits at notice at credit institutions with a term of up to 12 months, provided the credit institution has its registered office in an EU Member State, or (if the credit institution's registered office is located in a non-Member State) it is subject to supervisory regulations that the CSSF deems equivalent to those under Community law;
- g) Derivative financial instruments ("**derivatives**"), including equivalent cash-settled instruments, which are traded on one of the regulated markets listed in (a), (b) and (c) above, or derivatives that are not traded on a stock exchange ("**OTC derivatives**"), provided that:
- the use of derivatives is in accordance with the investment purpose and investment policy of the respective sub-fund and is suited to achieving their goals;
  - the underlying securities are instruments in accordance with the definition given under points 1.1(a) and 1.1(b) or financial or macroeconomic indices, interest rates, currencies or other underlying instruments in which the Company may invest either directly or indirectly via other existing UCI or UCITS pursuant to its investment policy;
  - the sub-funds ensure, through adequate diversification of the underlying assets, that the diversification requirements applicable to them and listed in the section entitled "Risk diversification" are adhered to;
  - the counterparties in transactions involving OTC derivatives are institutions subject to prudential supervision and belonging to the categories admitted by the CSSF and expressly approved by the Company. The approval process by the Company is based on the principles drawn up by UBS AM Credit Risk and concerning, inter alia, the creditworthiness, reputation and experience of the relevant counterparty in settling transactions of this type, as well as their willingness to provide capital. The Company maintains a list of counterparties it has approved;
  - the OTC derivatives are valued daily in a reliable and verifiable manner and may be sold, liquidated or settled by means of a back-to-back transaction at any time, upon the Company's initiative and at the appropriate fair value; and
  - the counterparty is not granted discretion regarding the composition of the portfolio managed by the relevant sub-fund (e.g. in the case of a total return swap or a derivative financial instrument with similar characteristics), or regarding the underlying of the relevant OTC derivative.
- h) Money market instruments within the meaning of the provisions set out under "Investment Policy" which are not traded on a regulated market, provided that the issue or issuer of these instruments is already subject to regulations on deposit and investor protection, and provided that these instruments are:
- issued or guaranteed by a central, regional or local authority or the central bank of a Member State, the European Central Bank, the European Union or European Investment Bank, a non-Member State, or, in the case of a federal state, a Member State of the federation, or by a public international institution of which at least one Member State is a member;
  - issued by an undertaking whose securities are traded on the regulated markets listed under Point 1.1(a), (b) and (c);
  - issued or guaranteed by an institution subject to prudential supervision in accordance with the criteria laid down in Community law, or by an institution subject to supervision that, in the opinion of the CSSF, is at least as stringent as that provided for in Community law, and that complies with Community law; or
  - issued by other issuers belonging to a category approved by the CSSF, provided that regulations protecting investors that are equivalent to those in the first, second or third points above apply to investments in these instruments, and provided that the issuers constitute either a company with equity capital amounting to at least 10 million euro (EUR 10,000,000) that prepares and publishes its annual accounts in accordance with the Fourth Council Directive 78/660/EEC, or an entity within a group encompassing one or more listed companies and responsible for its financing, or an entity which is to fund the securitisation of liabilities by means of a credit line provided by a bank.
- 1.2 In derogation of the investment restrictions set out in Point 1.1, each sub-fund may invest up to 10% of its net assets in securities and money market instruments other than those named in Point 1.1.

- 1.3 The Company ensures that the overall risk associated with derivatives does not exceed the overall net value of the Company portfolio. As part of its investment strategy, each sub-fund may invest in derivatives within the limits set out in Points 2.2 and 2.3, provided the overall risk of the underlying instruments does not exceed the investment limits stipulated in Point 2.
- 1.4 Each sub-fund may hold ancillary liquid assets.

## 2. Risk diversification

- 2.1 In accordance with the principle of risk diversification, the Company is not permitted to invest more than 10% of the net assets of a sub-fund in securities or money market instruments from a single institution. The Company may not invest more than 20% of the net assets of a sub-fund in deposits with a single institution. In transactions by a sub-fund in OTC derivatives, counterparty risk must not exceed 10% of the assets of that sub-fund if the counterparty is a credit institution as defined in Point 1.1(f). The maximum allowable counterparty risk is reduced to 5% in transactions with other counterparties. The total value of all positions in the securities and money market instruments of those institutions that account for more than 5% of the net assets of a sub-fund may not exceed 40% of the net assets of that sub-fund. This restriction does not apply to deposits and transactions in OTC derivatives with financial institutions that are subject to prudential supervision.
- 2.2 Regardless of the maximum limits set out in Point 2.1, each sub-fund may not invest more than 20% of its net assets in a single institution through a combination of:

- securities or money market instruments issued by this institution,
- deposits with that institution and/or
- OTC derivative contracts with this institution.

- 2.3 In derogation of the above, the following applies:

- a) The maximum limit of 10% mentioned in Point 2.1 is raised to 25% for certain bonds that fall within the definition of covered bonds in Article 3(1) of Directive (EU) 2019/2162 of the European Parliament and of the Council, and for bonds issued before 8 July 2022 issued by credit institutions domiciled in an EU Member State and subject, in that particular country, to special prudential supervision by public authorities designed to protect the holders of these instruments. In particular, funds originating from the issue of such bonds issued before 8 July 2022 must, in accordance with the law, be invested in assets that provide sufficient cover for the obligations arising from them during the entire term of the bonds and that provide a preferential right to payment of the capital and interest in the event of insolvency of the issuer. If a sub-fund invests more than 5% of its net assets in bonds of a single issuer, then the total value of these investments may not exceed 80% of the value of the net assets of the sub-fund.
- b) The maximum limit of 10% is raised to 35% for securities or money market instruments issued or guaranteed by an EU Member State or its local authorities, by another approved state, or by public international bodies of which one or more EU Member States are members. Securities and money market instruments that come under the special ruling referenced in Point 2.3(a) and (b) are not accounted for in calculating the aforementioned 40% maximum limit pertaining to risk diversification.
- c) The limits set out in points 2.1, 2.2, 2.3(a) and (b) may not be aggregated; therefore, the investments listed in these paragraphs made in securities or money market instruments of a single issuing institution, or in deposits with that institution or derivatives thereof, may not exceed 35% of the net assets of a given sub-fund.
- d) Companies belonging to the same group for the purposes of consolidated accounts, as defined by Council Directive 83/349/EEC or recognised international accounting rules, must be treated as a single issuer for the calculation of the investment limits set out in this section. However, investments by a sub-fund in securities and money market instruments of a single corporate group may total up to 20% of the assets of that sub-fund.
- e) **In the interest of risk diversification, the Company is authorised to invest up to 100% of a sub-fund's net assets in securities and money market instruments from various issues that are guaranteed or issued by an EU Member State or its local authorities, another authorised OECD member state, China, Russia, Brazil, Indonesia or Singapore, or by public international bodies of which one or more EU Member States are members. These securities and money market instruments must be divided into at least six different issues, with securities or money market instruments from a single issue not exceeding 30% of the total net assets of a sub-fund.**

- 2.4 The following provisions apply with regard to investments in other UCITS or UCIs:

- a) The Company may invest up to 20% of the net assets of a sub-fund in units of a single UCITS or other UCI. In implementing this investment limit, each sub-fund of a UCI comprising multiple sub-funds is treated as an independent issuer, provided each of these sub-funds is individually liable in respect of third parties.
  - b) Investments in units of UCIs other than UCITS may not exceed 30% of the sub-fund's net assets. The assets of the UCITS or other UCI in which a sub-fund has invested are not included when calculating the maximum limits set out in Points 2.1, 2.2 and 2.3.
  - c) For sub-funds that, in accordance with their investment policies, invest a significant portion of their assets in units or shares of other UCITS and/or other UCIs, the maximum management fees chargeable by the sub-fund itself and by the other UCITS and/or other UCIs in which it invests are listed in the section titled "Expenses paid by the Company".
- 2.5 The sub-funds may subscribe, acquire and/or hold shares that are to be issued by or have been issued by one or more other sub-funds of the Company, provided that:
- the target sub-fund does not itself invest in the sub-fund that is investing in that target sub-fund; and
  - the target sub-funds to be acquired may, in accordance with their sales prospectuses or articles of incorporation, invest no more than 10% of their own assets in units of other target sub-funds of the same UCI; and
  - any voting rights associated with the securities in question are suspended for the period they are held by the sub-fund in question, regardless of their appropriate valuation in financial accounts and periodic reports; and
  - as long as these securities are held by the sub-fund, their value is not, in any event, included in the calculation of the sub-fund's net asset value described in the Law of 2010 to verify the minimum net assets in accordance with that law; and
  - no administration/subscription or redemption fees are double charged at the level of the sub-fund and that of the target sub-fund in which it invests.
- 2.6 The Company may invest up to 20% of a sub-fund's assets in equities and/or debt securities of a single issuer if, according to that sub-fund's investment policy, the sub-fund's objective is to replicate a specific equity or bond index recognised by the CSSF. This is subject to the following conditions:
- the composition of the index is sufficiently diversified;
  - the index is an appropriate benchmark for the market it represents;
  - the index is published in an appropriate manner.

The limit is 35% provided this is justified due to exceptional market conditions; particularly on regulated markets heavily predominated by certain securities or money market instruments. Investment up to this upper limit is only permitted in the case of a single issuer.

If the limits mentioned in Points 1 and 2 are exceeded unintentionally or as a consequence of the exercise of subscription rights, the Company must manage the sale of its securities so as to give top priority to amending the situation while working in the best interests of the shareholders.

For a period of six months after they are officially approved, newly launched sub-funds may deviate from the particular restrictions pertaining to risk diversification indicated, provided that they continue to observe the principle of risk diversification.

### **3. Investment restrictions**

The Company is prohibited from:

- 3.1 Acquiring securities, if the subsequent sale of these is restricted in any way by contractual agreements;
- 3.2 Acquiring shares with voting rights that would enable the Company, possibly in collaboration with other investment funds under its management, to exert a significant influence on the management of an issuer;

- 3.3 Acquiring more than:
- 10% of the non-voting shares of a single issuer;
  - 10% of the debt instruments of a single issuer;
  - 25% of the units of a single UCITS or UCI;
  - 10% of the money market instruments of a single issuer.

In the latter three cases, the restrictions on acquiring securities need not be observed if, at the time of acquisition, it is impossible to determine the gross sum of debt instruments or money market instruments, and the net sum of units issued.

The following are exempt from the provisions of 3.2 and 3.3:

- securities and money market instruments issued or guaranteed by an EU Member State or its local authorities, or by another approved state;
  - Securities and money market instruments issued or guaranteed by a non-Member State;
  - securities and money market instruments issued by public international bodies to which one or more Member States of the European Union belong;
  - Shares in a company in a non-Member State that primarily invests its assets in the securities of issuers domiciled in that non-Member State, where under that non-Member State's law, holding such shares is the only way to legally invest in the securities of that non-Member State's issuers. In doing so, the provisions of the Law of 2010 must be complied with; and
  - Shares in subsidiary companies that carry out certain administrative, advisory or sales activities surrounding the repurchase of units at the behest of shareholders, in the country in which they are located and exclusively on behalf of the Company.
- 3.4 Short-selling securities, money market instruments or other instruments listed in Point 1.1(e), (g) and (h);
- 3.5 Acquiring precious metals or related certificates;
- 3.6 Investing in real estate and buying or selling commodities or commodities contracts;
- 3.7 Taking out loans, unless

- the loan is a back-to-back loan to purchase foreign currency;
- the loan is only temporary and does not exceed 10% of the net assets of the sub-fund in question;

3.8 Granting loans or acting as guarantor for third parties. This restriction does not prevent the acquisition of securities, money market instruments or the other instruments listed in Point 1.1(e), (g) and (h) if these are not fully paid up.

3.9 Notwithstanding the aforementioned prohibited investments, the Company is entitled to invest in the following financial instruments:

- certificates, in the broader sense, that have individual precious metals as underlying assets, that comply with the securities requirements stipulated in Article 2 of Directive 2007/16/EC, and that contain no embedded derivatives linked to the performance of an index.
- certificates, in the broader sense, that have individual commodities or commodities indices as underlying assets, that comply with the securities requirements stipulated in Article 2 of Directive 2007/16/EC, and that contain no embedded derivatives linked to the performance of an index.

The Company is authorised to introduce additional investment restrictions at any time in the interests of the shareholders, provided these are necessary to ensure compliance with the laws and regulations of those countries in which Company shares are offered and sold.

#### 4. Asset pooling

The Company may permit internal merging and/or the collective management of assets from particular sub-funds in the interest of efficiency. In such cases, assets from different sub-funds are managed collectively. A group of collectively managed assets is referred to as a “**pool**”; pooling is used exclusively for internal management purposes. Pools are not official entities and cannot be accessed directly by shareholders.

##### **Pools**

The Company may invest and manage all or part of the portfolio assets of two or more sub-funds (referred to as “**participating sub-funds**” in this context) in the form of a pool. Such an asset pool is created by transferring cash and other assets (provided these assets suit the relevant pool’s investment policy) from each participating sub-fund to the asset pool. From then on, the Company can make transfers to the individual asset pools. Assets can also be returned to a participating sub-fund, up to the full amount equivalent to its participation.

A participating sub-fund’s share in a particular asset pool is calculated in terms of notional units of equal value. When an asset pool is created, the Company must specify a starting value for the notional units (in a currency that the Company deems appropriate) and allot to each participating sub-fund notional units equivalent to the cash (or other assets) it has contributed. The value of a notional unit is then calculated by dividing the net assets of the asset pool by the number of existing notional units.

If additional cash or assets are contributed to or withdrawn from an asset pool, the notional units assigned to the relevant participating sub-fund are increased or reduced by a figure that is arrived at by dividing the cash or assets contributed or withdrawn by the participating sub-fund by the current value of that participating sub-fund’s share in the pool. If cash is contributed to the asset pool, it is reduced for the purposes of calculation by an amount that the Company deems appropriate to cover any tax expenses, as well as for the closing charges and acquisition costs for the cash investment. If cash is withdrawn, a corresponding deduction may be made to account for any costs incurred in the disposal of securities or other assets of the asset pool.

Dividends, interest and other income-like distributions obtained from the assets of an asset pool are allocated to that asset pool, and thus increase its net assets. If the Company is liquidated, the assets of an asset pool are allocated to the participating sub-funds in proportion to their respective shares in the asset pool.

##### **Collective management**

To reduce operating and management costs while enabling broader diversification of investments, the Company may decide to manage part or all of the assets of one or more sub-funds collectively with those of other sub-funds or other undertakings for collective investment. In the following paragraphs, the term “**collectively managed entities**” refers to the Company and each of its sub-funds, as well as any entities with or between which a collective management agreement might exist. The term “**collectively managed assets**” refers to the whole of the assets of these collectively managed entities, which is managed in accordance with the aforementioned collective management agreement.

As part of the collective management agreement, the respective portfolio manager is entitled, on a consolidated basis for the relevant collectively managed entities, to make decisions on investments and sales of assets that affect the composition of the portfolio of the Company and its sub-funds. Each collectively managed entity holds a share in the collectively managed assets in proportion with its own net assets’ contribution to the aggregate value of the collectively managed assets. This proportion held (referred to in this context as a “**proportionate share**”) applies to all asset classes held or acquired under collective management. Investment and/or divestment decisions have no effect on a collectively managed entity’s proportionate share, and future investments are allotted in proportion with it. When assets are sold, they are subtracted proportionately from the collectively managed assets held by each collectively managed entity.

When a new subscription is made with one of the collectively managed entities, subscription proceeds are allocated to each collectively managed entity taking into account the adjusted proportionate share of the jointly managed entity to which the subscription applies; this adjustment corresponds to the increase in that entity’s net assets. Allocating assets from that collectively managed entity to the others changes the net asset total of each in line with its adjusted proportionate share. By the same token, when a redemption is ordered from one of the collectively managed entities, the requisite cash is taken from the collectively managed entities’ cash reserves based on the proportionate shares as adjusted for the decrease in the net assets of the collectively managed entity to which the redemption applies. In this case, too, the total net assets of each will change to match its adjusted proportionate share.

Shareholders should note that the collective management agreement may lead to the composition of the assets of a particular sub-fund being affected by events (e.g. subscriptions and redemptions) that concern other collectively managed entities unless extraordinary measures are taken by the Company or an entity commissioned by the Company. Thus, all other things being equal, subscriptions received by an entity that is collectively managed with a sub-fund will result in an increase in that sub-fund’s cash reserves. Conversely, redemptions received by an entity that is collectively managed with a sub-fund will serve to reduce that sub-fund’s cash reserves. However, subscriptions and redemptions can be executed on the special account opened for each collectively managed entity outside the scope of the agreement, through which subscriptions and redemptions must pass. Because a large volume of subscriptions and redemptions may be ordered to these special accounts and because the Company or entities it commissions may decide to end a sub-fund’s participation in the collective management agreement at any time, that sub-fund may avoid restructuring its portfolio if this could adversely affect the interests of the Company, its sub-funds and its shareholders.

If a change in the structure of the Company’s portfolio, or the portfolio of one or more of its sub-funds, occurring as a result of redemptions or payments of fees and expenses associated with another collectively managed entity (i.e. one that cannot be counted as belonging to the Company or one of its sub-funds), could cause a breach of the investment restrictions on the



Company or those sub-funds, the relevant assets will be excluded from the agreement before the change takes effect so that they are not impacted by the resulting adjustments.

Collectively managed assets of sub-funds will only be managed collectively with assets to be invested in pursuit of the same investment objectives. This serves to ensure that investment decisions can be reconciled with the investment policy of the relevant sub-fund in every respect. Collectively managed assets may only be managed together with assets for which the same Portfolio Manager is authorised to make investment and divestment decisions, and for which the Depositary also acts as depositary. This serves to ensure that the Depositary is fully capable of carrying out its functions and meeting its obligations to the Company and its sub-funds in accordance with the Law of 2010 and other legal requirements. The Depositary must always keep the assets of the Company separate from those of the other collectively managed entities; this allows it to accurately determine the assets of each individual sub-fund at any time. As the investment policies of the collectively managed entities need not correspond exactly with that of any sub-fund, the collective investment policy for these entities may be more restrictive than that of the sub-fund.

The Company may decide to terminate a collective management agreement at any time without giving prior notice.

At any time, shareholders may request information from the Company's registered office on the proportion of collectively managed assets and on the entities with which a collective management agreement exists at the time of their enquiry.

The composition and percentages of collectively managed assets must be stated in the annual reports.

Collective management agreements with non-Luxembourg entities are permissible if (i) the agreement involving the non-Luxembourg entity is governed by Luxembourg law and subject to Luxembourg jurisdiction or (ii) each collectively managed entity is endowed with such rights that no insolvency or bankruptcy administrator, or creditor, of the non-Luxembourg entity has access to the assets or is authorised to freeze them.

## 5. Special techniques and instruments with securities and money market instruments as underlying assets

Subject to the conditions and limits set out in the Law of 2010, the Company and its sub-funds may use repurchase agreements, reverse repurchase agreements, securities lending agreements and/or other techniques and instruments that have securities and money market instruments as underlying assets for efficient portfolio management purposes in accordance with the requirements defined by the CSSF (the "**techniques**"). If such transactions relate to the use of derivatives, the terms and limits must comply with the provisions of the Law of 2010. The techniques will be used on an ongoing basis as described in the section "Exposure to securities financing transactions", but it may be decided from time to time, depending on market conditions, to suspend or reduce exposure to securities financing transactions. The use of these techniques and instruments must be in accordance with the best interests of the investors.

Repurchase agreements are transactions in which one party sells a security to the other party with a simultaneous agreement to repurchase the security at a fixed future date at a stipulated price reflecting a market rate of interest unrelated to the coupon rate of the securities. A reverse repurchase agreement is a transaction whereby a sub-fund purchases securities from a counterparty and simultaneously commits to resell the securities to the counterparty at an agreed upon date and price. A securities lending agreement is an agreement whereby title to the "loaned" securities is transferred by a "lender" to a "borrower" with the borrower contracting to deliver "equivalent securities" to the lender at a later date ("**securities lending**").

Securities lending may be effected only via recognised clearing houses such as Clearstream International or Euroclear, or using first-class financial institutions that specialise in such activities and following the procedure specified by them.

In the case of securities lending transactions, the Company must, in principle, receive collateral, the value of which must at least correspond to the total value of the securities lent out and any accrued interest thereon. This collateral must be issued in a form of financial collateral permitted by the provisions of Luxembourg law. Such collateral is not required if the transaction is effected via Clearstream International or Euroclear, or another organisation which guarantees the Company that the value of the securities lent will be refunded.

The provisions of the section entitled "Collateral management" shall apply accordingly to the management of collateral that was left to the Company within the scope of securities lending. In derogation of the provisions of the section entitled "Collateral management", shares from the finance sector are accepted as securities within the framework of securities lending.

Service providers that provide services to the Company in the field of securities lending have the right to receive a fee in return for their services that is in line with the market standards. The amount of this fee will be reviewed and adapted where appropriate, on an annual basis.

Currently, 60% of the gross revenue received from securities lending transactions negotiated at arm's length is credited to the relevant sub-fund, while 30% of the gross revenue are retained as fees by UBS Switzerland AG as the securities lending service provider, responsible for the ongoing securities lending activities and collateral management, and 10% of the gross revenue are retained as costs/fees by UBS Europe SE, Luxembourg Branch as the securities lending agent, responsible for the transactions management, ongoing operational activities and collateral safekeeping. All fees for operating the securities lending program are paid from the securities lending agent's portion of the gross income. This covers all direct and indirect costs incurred through securities lending activities. UBS Europe SE, Luxembourg Branch and UBS Switzerland AG are part of the UBS Group. Furthermore, the Company has drawn up internal framework agreements regarding securities lending. These framework agreements contain, among other things, the relevant definitions, the description of the principles and standards of the contractual management of the securities lending transactions, the quality of the collateral, the approved counterparties, the risk management, the fees to be paid to third parties and fees to be received by the Company, as well as the information to be published in the annual and semi-annual reports.

The Board of Directors of the Company has approved instruments of the following asset classes as collateral from securities lending transactions and determined the following **haircuts** to be used on these instruments:

Asset class	Minimum haircut (% deduction from market value)
<b>Fixed and variable-rate interest-bearing instruments</b>	
Instruments issued by a state belonging to the G-10 (excluding the US, Japan, the UK, Germany and Switzerland, including their federal states and cantons as issuers) and with a minimum rating of A**	2%
Instruments issued by the US, Japan, the UK, Germany and Switzerland, including their federal states and cantons**	0%
Bonds with a minimum rating of A	2%
Instruments issued by supranational organisations	2%
Instruments issued by an entity and belonging to an issue with a minimum rating of A	4%
Instruments issued by a local authority and with a minimum rating of A	4%
<b>Shares</b>	
8%	
Shares listed on the following indexes are accepted as permissible collateral:	Bloomberg ID
Australia (S&P/ASX 50 INDEX)	AS31
Austria (AUSTRIAN TRADED ATX INDX)	ATX
Belgium (BEL 20 INDEX)	BEL20
Canada (S&P/TSX 60 INDEX)	SPTSX60
Denmark (OMX COPENHAGEN 20 INDEX)	KFX
Europe (Euro Stoxx 50 Pr)	SX5E
Finland (OMX HELSINKI 25 INDEX)	HEX25
France (CAC 40 INDEX)	CAC
Germany (DAX INDEX)	DAX
Hong Kong (HANG SENG INDEX)	HSI
Japan (NIKKEI 225)	NKY
Netherlands (AEX-Index)	AEX
New Zealand (NZX TOP 10 INDEX)	NZSE10
Norway (OBX STOCK INDEX)	OBX
Singapore (Straits Times Index STI)	FSSTI
Sweden (OMX STOCKHOLM 30 INDEX)	OMX
Switzerland (SWISS MARKET INDEX)	SMI
Switzerland (SPI SWISS PERFORMANCE IX)	SPI
UK (FTSE 100 INDEX)	UKX
U.S. (DOW JONES INDUS. AVG)	INDU
U.S. (NASDAQ 100 STOCK INDX)	NDX
U.S. (S&P 500 INDEX)	SPX
U.S. (RUSSELL 1000 INDEX)	RIY

\* In this table, "rating" refers to the rating scale used by S&P. Ratings by S&P, Moody's and Fitch are used with their corresponding scales. If the ratings given to a certain issuer by these rating agencies are not uniform, then the lowest rating shall apply.

\*\* Unrated issues by these states are also permissible. No haircut is applied to these either.

In general, the following requirements apply to repurchase/reverse repurchase agreements and securities lending agreements:

- (i) Counterparties to a repurchase/reverse repurchase agreement or securities lending agreement will be entities with legal personality typically located in OECD jurisdictions. These counterparties will be subject to a credit assessment. Where the counterparty is subject to a credit rating by any agency registered and supervised by ESMA, that rating shall be taken into account in the credit assessment. Where a counterparty is downgraded to A2 or below (or comparable rating) by such a credit rating agency, a new credit assessment in respect of the counterparty will be undertaken without delay.
- (ii) The Company must be able at any time to recall any security that has been lent out or terminate any securities lending agreement into which it has entered.
- (iii) When the Company enters into a reverse repurchase agreement it must ensure that it is able at any time to recall the full amount of cash (including the interest incurred up to the time of being recalled) or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement should be used for the calculation of the Net Asset Value of the relevant sub-fund. Fixed-term

reverse repurchase agreements that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Company.

- (iv) When the Company enters into a repurchase agreement it must ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered. Fixed-term repurchase agreements that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Company.
- (v) Repurchase/reverse repurchase agreements or securities lending do not constitute borrowing or lending for the purposes of the UCITS Directive.
- (vi) All the revenues arising from efficient portfolio management techniques, net of direct and indirect operational costs/fees, will be returned to the relevant sub-fund.
- (vii) Any direct and indirect operational costs/fees arising from efficient portfolio management techniques that may be deducted from the revenue delivered to the relevant sub-fund must not include hidden revenue. Such direct and indirect operational costs/fees will be paid to the entities outlined in the respective annual or semi-annual report of the Company, which shall indicate the amounts of the respective fees and whether the entities are related to the Management Company or the Depositary.

In general, the following applies to total return swaps:

- i) One hundred percent (100%) of the gross return from total return swaps less direct and indirect operating costs/fees reverts to the sub-funds.
- (ii) All direct and indirect operating costs/fees incurred on total return swaps will be paid to the entities outlined in the annual and semi-annual report of the Company.
- (iii) There are no fee-splitting arrangements for total return swaps.

The Company and its sub-funds may under no circumstances deviate from their investment objectives for these transactions. Equally, the use of these techniques may not cause the risk level of the sub-fund in question to increase significantly with regard to its original risk level (i.e. without the use of these techniques).

With regards to the risks inherent to the use of these techniques, reference is made here to the information contained in the section entitled "Risks connected with the use of efficient portfolio management techniques".

The Company ensures that it or one of its appointed service providers will monitor and manage the risks incurred through the use of these techniques, particularly counterparty risk, as part of the risk management procedure. The monitoring of potential conflicts of interest arising from transactions with companies associated with the Company, the Management Company and the Depositary is primarily carried out through reviewing the contracts and corresponding processes on a regular basis. Furthermore, the Company ensures that, despite the use of these techniques and instruments, the investors' redemption orders can be processed at any time.

\*\*\*\*\*

## **Annex I – SFDR related information**

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product name:**

UBS (Lux) Key Selection SICAV - Asian Equities (USD)

**Legal entity identifier:**

549300FQCP7010325K08

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

**Yes**

It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_\_ %

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective:** \_\_\_\_\_ %

**No**

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_\_% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**

**Sustainable investment**

means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

**The EU Taxonomy**

is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

## What environmental and/or social characteristics are promoted by this financial product?

The following characteristics are promoted by the financial product:

- 1) A lower Weighted Average Carbon Intensity (WACI) than the reference benchmark or a low absolute carbon profile.
- 2) A sustainability profile that is higher than its benchmark's sustainability profile or a minimum of 51 % of assets invested in companies with a sustainability profile in the top half of the benchmark.

The benchmark is a broad market index which does not assess or include constituents according to environmental and/or social characteristics and therefore is not intended to be consistent with the characteristics promoted by the financial product. No ESG reference benchmark has been designated for the purpose of attaining the characteristics promoted by the financial product.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The characteristics are measured using the following indicators respectively:

For characteristic 1):

Scope 1 and 2 Weighted Average Carbon Intensity (WACI):

- Scope 1 refers to direct carbon emissions and therefore includes all direct greenhouse gas emissions from owned or controlled sources of the relevant entity or issuer.

- Scope 2 refers to indirect carbon emissions and therefore includes greenhouse gas emissions from the generation of electricity, thermal energy and/or steam that is consumed by the relevant entity or issuer.

Low absolute carbon profile is defined as below 100 tonnes of CO<sub>2</sub> emissions per million US dollars of revenues.

For characteristic 2):

The UBS ESG consensus score is used to identify issuers/companies for the investment universe with strong environmental and social performance characteristics, or a strong sustainability profile. This UBS ESG consensus score is a normalized weighted average of ESG score data from internal and recognized external providers. Rather than relying on an ESG score from a single provider, the consensus score approach increases conviction in the validity of the sustainability profile.

The UBS ESG consensus score assesses sustainability factors, such as the performance of the relevant issuers/companies with reference to environmental, social and governance (ESG) aspects. These ESG aspects relate to the main areas in which the issuers/companies operate and their effectiveness in managing ESG risks. Environmental and social factors can include (amongst others) the following: environmental footprint and operational efficiency, environmental risk management, climate change, natural resource usage, pollution and waste management, employment standards and supply chain monitoring, human capital, diversity within the board of directors, occupational health and safety, product safety, as well as anti-fraud and anti-corruption guidelines.

The individual investments in the sub-fund have a UBS ESG consensus score (on a scale of 0-10, with 10 having the best sustainability profile).

With respect to the sub-fund's investments the Portfolio Manager includes ESG analysis by means of the UBS ESG Consensus Score (by number of issuer) for at least (i) 90% of the securities issued by large capitalisation companies domiciled in "developed" countries and (ii) 75% of the securities issued by large capitalisation companies domiciled in "emerging" countries (by reference to the benchmark) and at least 75% for all other companies.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti - corruption and anti - bribery

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

*The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.*

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

No



**What investment strategy does this financial product follow?**

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

**ESG Integration:**

ESG Integration is driven by taking into account material ESG risks as part of the research process. ESG integration enables the Portfolio Manager to identify financially relevant sustainability factors that impact investment decisions and to incorporate ESG considerations when implementing investment decisions, and allows ESG risks to be systematically monitored and compared to risk appetite and constraints. It also assists in portfolio construction through securities selection, investment conviction and portfolio weightings.

- For corporate issuers, this process utilizes an internal UBS ESG material issues framework which identifies the financially relevant factors per sector that can impact investment decisions. This orientation toward financial materiality ensures that analysts focus on sustainability factors that can impact the financial performance of the company and therefore investment returns. ESG integration can also identify opportunities for engagement to improve the company’s ESG risk profile and thereby mitigate the potential negative impact of ESG issues on the company’s financial performance. The Portfolio Manager employs an internal UBS ESG risk dashboard that combines multiple internal and external ESG data sources in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process.

- For non-corporate issuers, the Portfolio Manager applies a qualitative or quantitative ESG risk assessment that integrates data on material ESG factors.

The analysis of material sustainability/ESG considerations can include many different aspects, such as the following among others: the carbon footprint, health and well-being, human rights, supply chain management, fair customer treatment and governance.

**Sustainability Exclusion Policy:**

The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The following binding element(s) of the investment strategy are used to select the investments to attain the characteristic(s) promoted by this financial product:

Characteristic 1):

A lower Scope 1 and 2 Weighted Average Carbon Intensity (WACI) than its benchmark or a low absolute carbon profile.

Characteristic 2):

A sustainability profile that is higher than its benchmark's sustainability profile or a minimum of 51% of assets invested in companies with a sustainability profile in the top half of the benchmark.

The calculations do not take account of cash, derivatives and unrated investment instruments.

The characteristic(s) and the minimum proportion of investments used to meet the environmental and/or social characteristics promoted by the financial product are calculated at quarter end using the average of all business days' values in the quarter.

**Sustainability Exclusion Policy:**

The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

Good corporate governance is a key driver of sustainable performance and is therefore embedded in the Portfolio Manager's investment strategy. The Portfolio Manager employs a proprietary ESG Risk Dashboard that combines multiple ESG data sources from internal and recognized external providers in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process. The assessment of good governance includes consideration of board structure and independence, remuneration alignment, transparency of ownership and control, and financial reporting.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.





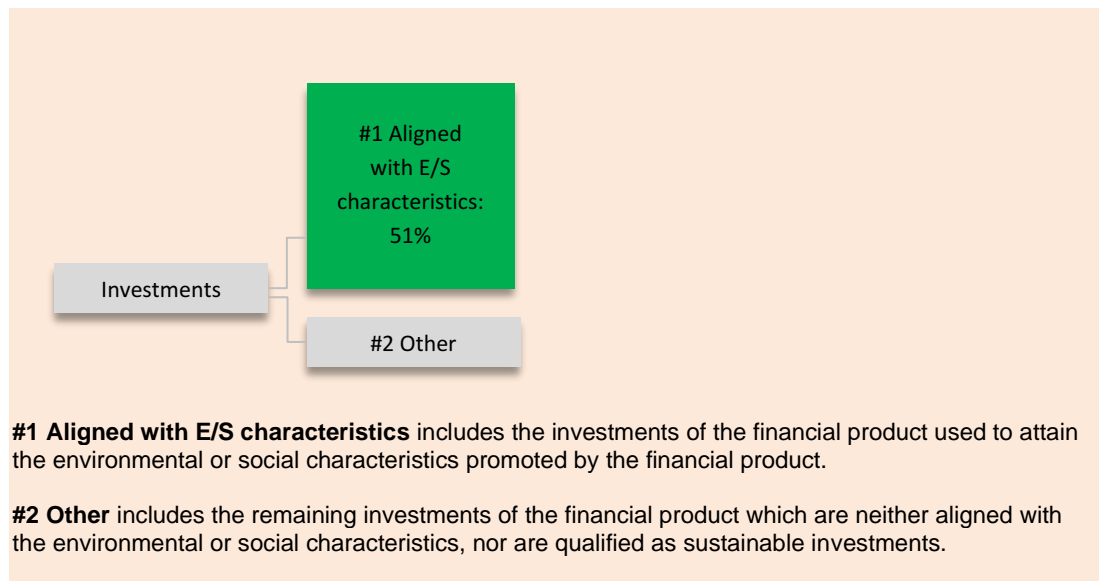
## What is the asset allocation planned for this financial product?

The minimum proportion of the investments used to meet the environmental and/or social characteristics promoted by the financial product is 51%.

**Asset allocation** describes the share of investments in specific assets.

**Taxonomy-aligned** activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Derivatives are not used for the attainment of the characteristics promoted by this financial product. Derivatives are primarily used for hedging and liquidity management purposes.



## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

Yes:

In fossil gas

In nuclear energy

No


*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

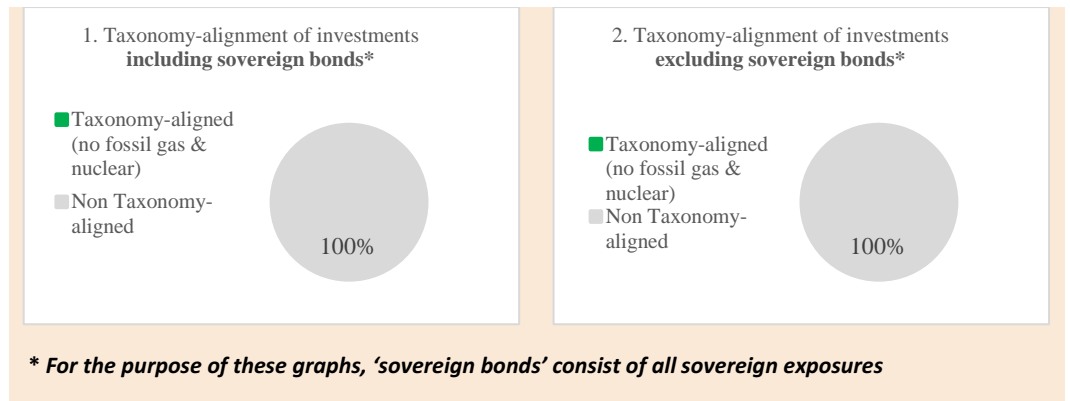
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

 are environmentally sustainable investments **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



- **What is the minimum share of investments in transitional and enabling activities?**  
Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not applicable.



**What is the minimum share of socially sustainable investments?**

Not applicable.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

Included in “#2 Other” are cash and unrated instruments for the purpose of liquidity and portfolio risk management. Unrated instruments may also include securities for which data needed for the measurement of attainment of environmental or social characteristics is not available.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No ESG reference benchmark has been designated for the purpose of determining whether the financial product is aligned with the characteristics that it promotes.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
Not applicable.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
Not applicable.
- **How does the designated index differ from a relevant broad market index?**  
Not applicable.
- **Where can the methodology used for the calculation of the designated index be found?**  
Not applicable.



**Where can I find more product specific information online?**

More product-specific information can be found on the website: [www.ubs.com/funds](http://www.ubs.com/funds)

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product name:**

UBS (Lux) Key Selection SICAV- Climate Diversified (EUR)

**Legal entity identifier:**

\_\_\_\_\_

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

**Yes**

**No**

It will make a minimum of **sustainable investments with an environmental objective**: \_\_\_\_ %

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective**: \_\_\_\_ %

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 20% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**What environmental and/or social characteristics are promoted by this financial product?**

The following characteristics are promoted by the financial product:

- 1) At least 80% of the sub-fund’s net assets (excluding cash, cash equivalents, and derivatives) will be invested (a) in investment strategies that promote environmental (E) and/or social (S) characteristics and comply with Article 8 of the Regulation on sustainability-related disclosures in the financial services sector (“SFDR”), or are deemed equivalent, or (b) in investment strategies with sustainable investment as their objective and comply with Article 9 of SFDR or that have the reduction of carbon emissions as an objective and comply with Article 9 of SFDR, or are deemed equivalent.
- 2) Reduction of weighted average carbon intensity (WACI) by an average of at least 3% to 7% annually over a 5-year rolling time-horizon.

No ESG reference benchmark has been designated for the purpose of attaining the above characteristics promoted by the financial product.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The above characteristics are measured using the following indicators:

Characteristic 1)

A) The disclosure that the target fund is classified as Article 8 or Article 9 in accordance with SFDR (where applicable).

Additionally, for investment via actively managed, third-party funds, UBS Asset Management’s manager research team evaluates strategies of external asset managers to ensure that they meet UBS sustainability standards (“equivalency principle”). When evaluating these strategies, UBS Asset Management pays particular attention to the existing ESG resources of the external asset managers, such as the quality of the team of research and investment staff dedicated to ESG issues, the experience of the individual staff members in the sustainability area, the analytical and research tools used to assess the ESG risks of companies, or the investment process with regard to the consideration of ESG risks in portfolio construction. Where appropriate, UBS Asset Management compares the ESG approaches of the external asset managers with its own ESG approaches in order to gain an additional perspective on the external asset managers’ ability to actually achieve their stated objectives.

B) For UBS Asset Management managed active investment strategies to qualify, the strategy must promote one or more measurable environmental/social characteristics or commit to making an investment in sustainable investments with an environmental or social objective. The strategies must also apply the exclusion policy, whose link can be found in the main body of the Sales Prospectus. Strategies which meet these requirements are classified by UBS Asset Management as “Sustainability Focus” or “Impact” with Impact strategies being those that have a measurable, verifiable investor and/or company impact using a recognized impact framework (e.g. the UN Sustainable Development Goals).

Characteristic 2)

Scope 1 and 2 Weighted Average Carbon Intensity (WACI):

- Scope 1 refers to direct carbon emissions and therefore includes all direct greenhouse gas emissions from owned or controlled sources of the relevant entity or issuer.

- Scope 2 refers to indirect carbon emissions and therefore includes greenhouse gas emissions from the generation of electricity, thermal energy and/or steam that is consumed by the relevant entity or issuer.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti - corruption and anti - bribery matters.

	<ul style="list-style-type: none"> <li>● <b><i>What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?</i></b></li> </ul>
	<p>The objectives of the sustainable investments that the financial product partially intends to make is to contribute to the environmental and/or social characteristic(s) promoted by the financial product.</p>
	<ul style="list-style-type: none"> <li>● <b><i>How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?</i></b></li> </ul>
	<p>The Portfolio Manager applies exclusions to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p> <p>This sub-fund utilizes underlying investment strategies to achieve its investment objective.</p> <p>For investments in active equity and fixed income strategies managed by UBS Asset Management, the portfolio manager of the underlying investment strategy applies exclusions to the investment universe of the financial product. These exclusions include thermal coal mining and thermal coal-based energy production &amp; oil sands. UBS Asset Management does not invest in companies involved in controversial weapons i.e. cluster munitions, anti-personnel mines, chemical and biological weapons, or companies in breach of the Treaty on the Non-Proliferation of Nuclear Weapons. In addition, investments are positively screened according to the criteria defined for the respective underlying investment strategy.</p> <p>For investments in passively managed strategies that track an ESG index, indicators for do no significant harm are taken into account by the Index provider as appropriate to the Index family.</p> <p>For investments in third party managed funds, the portfolio manager of the underlying investment strategy may utilize different methodologies. Third party strategies are assessed for do no significant harm criteria via UBS Asset Management’s manager research process described in the section on Sustainability Indicators above.</p>
	<p><b><i>How have the indicators for adverse impacts on sustainability factors been taken into account?</i></b></p>
	<p>This sub-fund utilizes underlying investment strategies to achieve its investment objective.</p> <p>For investments in active equity and fixed income strategies managed by UBS Asset Management, the portfolio manager employs a proprietary ESG Risk Dashboard. The Dashboard allows equity and credit analysts to quickly identify companies with significant ESG risks via the "UBS ESG Risk Signal". This clear, actionable signal serves as starting point for more in-depth analysis of the underlying sources of these risks and the links to their investment cases.</p> <p>For investments in passively managed strategies that track an ESG index, indicators for adverse impacts on sustainability factors are taken into account by the Index provider as appropriate to the Index family.</p> <p>For investments in third party managed funds, the portfolio manager of the underlying investment strategy may utilize different methodologies. Third party strategies are assessed for adverse impacts via UBS Asset Management’s manager research process described in the section on Sustainability Indicators above.</p>
	<p><b><i>How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?</i></b></p>
	<p>For investments in active equity and fixed income strategies managed by UBS Asset Management, companies violating the United Nations Global Compact (UNG) principles, who do not demonstrate credible corrective action will be excluded from the sustainable investment universe.</p>

	<p>For investments in passively managed strategies that track an ESG index, alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human rights are taken into account by the Index provider as appropriate to the Index family.</p> <p>For investments in third party managed funds, the portfolio manager of the underlying investment strategy may utilize different methodologies. Third party strategies are assessed for alignment with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights via UBS Asset Management’s manager research process described in the section on Sustainability Indicators above.</p>
--	---

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

*The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.*

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

Principal adverse impacts (the “PAI”) are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters. UBS integrates PAI indicators in its decision making process.

At present, the following PAI indicators are considered by means of exclusions from the investment universe:

1.4 “Exposure to companies active in the fossil fuel sector”:


- Companies that exceed a certain revenue threshold (as per the UBS AM Sustainability Exclusion Policy) from thermal coal mining and its sale to external parties or from oil sands extraction are excluded
- Companies that exceed a certain revenue threshold (as per the UBS AM Sustainability Exclusion Policy) from thermal coal-based power generation are excluded.

1.10 “Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises”:

- Companies violating the United Nations Global Compact UNGC) principles which do not demonstrate credible corrective action as determined by UBS-AM’s Stewardship Committee are excluded

1.14 “Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)”:

- UBS-AM does not invest in companies involved in: cluster munitions, anti-personnel mines or chemical and biological weapons, nor does it invest in companies in breach of the Treaty on the Non- Proliferation of Nuclear Weapons. UBS-AM considers a company to be involved in controversial weapons if the company is involved in development, production, storage, maintenance or transport of controversial weapons, or is a majority shareholder (>50% ownership stake) of such a company.

	<p>The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus. The following PAI indicator is considered by virtue of the promoted characteristics:</p> <p><u>1.3 “GHG intensity of investee companies”</u> - The Portfolio Manager selects investments based upon a low scope 1+2 carbon intensity, either absolute or relative to a benchmark</p> <p>When assessing “do no significant harm” (DNSH), we consider selected principal adverse impact indicators based on availability and appropriateness. These indicators are combined into a signal based on individual thresholds defined per indicator. A fail on a single indicator leads to an investment failing the DNSH criteria. The following PAI indicators are additionally part of this signal:</p> <p><u>1.7 “Activities negatively affecting bio-diversity-sensitive areas”</u></p> <p><u>1.13 “Board gender diversity”</u></p> <p><u>1.15. “GHG Intensity”</u></p> <p><u>1.16. “Investee countries subject to social violations”</u></p> <p>Information on consideration of PAIs on sustainability factors is also available in the sub-fund’s annual report.</p>
	<p><input type="checkbox"/> No</p>
<p><b>The investment strategy</b> guides investment decisions based on factors such as investment objectives and risk tolerance.</p> 	<p><b>What investment strategy does this financial product follow?</b></p> <p>This sub-fund utilizes underlying investment strategies to achieve its investment objective.</p> <p><b><u>ESG Integration</u></b></p> <p>The Portfolio Manager takes ESG integration into account when allocating to underlying investment strategies. In the case of underlying strategies managed by UBS, the Portfolio Manager identifies ESG-integrated assets on the basis of the below mentioned research on ESG integration. For externally managed strategies, ESG integrated assets are identified via UBS Asset Management’s manager research process described in the section on Sustainability Indicators above.</p> <p>For investments in active equity and fixed income strategies managed by UBS Asset Management, ESG Integration is driven by taking into account material ESG risks as part of the research process. ESG integration enables the Portfolio Manager of the investment strategy to identify financially relevant sustainability factors that impact investment decisions and to incorporate ESG considerations when implementing investment decisions, and allows ESG risks to be systematically monitored and compared to risk appetite and constraints. It also assists in portfolio construction through securities selection, investment conviction and portfolio weightings.</p> <p>For corporate issuers, this process utilizes an internal UBS ESG material issues framework which identifies the financially relevant factors per sector that can impact investment decisions. This orientation toward financial materiality ensures that analysts focus on sustainability factors that can impact the financial performance of the company and therefore investment returns. ESG integration can also identify opportunities for engagement to improve the company’s ESG risk profile and thereby mitigate the potential negative impact of ESG issues on the company’s financial performance. The Portfolio Manager of the investment strategy employs an internal UBS ESG risk dashboard that combines multiple internal and external ESG data sources in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the investment strategy’s Portfolio Manager for incorporation in their investment decision making process.</p>



	<p>For non-corporate issuers, the Portfolio Manager of the investment strategy applies a qualitative or quantitative ESG risk assessment that integrates data on material ESG factors.</p> <p>The analysis of material sustainability/ESG considerations can include many different aspects, such as the following among others: the carbon footprint, health and well-being, human rights, supply chain management, fair customer treatment and governance.</p> <p><b><u>Sustainability Exclusion Policy</u></b></p> <p>The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p>
	<ul style="list-style-type: none"> <li>● <b><i>What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?</i></b></li> </ul>
	<p>The following binding element(s) of the investment strategy are used to select the investments to attain the characteristic(s) promoted by this financial product:</p> <p>Characteristic 1):</p> <p>A minimum of 80% of the sub-fund’s net assets (excluding cash, cash equivalents, and derivatives) will be invested (a) in investment strategies that promote environmental € and/or social (S) characteristics and comply with Article 8 of the Regulation SFDR, or are deemed equivalent, or (b) in investment strategies with sustainable investment as their objective and which comply with Article 9 of SFDR or that have the reduction of carbon emissions as an objective and comply with Article 9 of SFDR , or are deemed equivalent thereto.</p> <p>Strategies are classified as eligible via the assessment outlined above under “What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?”.</p> <p>The characteristic(s), the minimum proportion of sustainable investments and the minimum proportion of investments used to meet the environmental and/or social characteristics promoted by the financial product are calculated at quarter end using the average of all business days’ values in the quarter.</p> <p><b><u>Sustainability Exclusion Policy</u></b></p> <p>The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p> <p>Characteristic 2):</p> <p>Reduction of Scope 1 and 2 WACI by an average of least 3% to 7% annually over a 5-year rolling time-horizon.</p> <p>The calculation does not take account of cash, derivatives and unrated investment instruments.</p> <p>The binding element is calculated on a five-year rolling basis at every quarter end. The calculation uses an average of the previous quarter’s month-end values (daily, where available). The intent is to meet the objective on a five-year rolling basis. As a result, the objective will not necessarily be met when utilizing a shorter time-horizon such as quarterly or annually.</p>
	<ul style="list-style-type: none"> <li>● <b><i>What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?</i></b></li> </ul>
	<p>Not applicable.</p>

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

• **What is the policy to assess good governance practices of the investee companies?**

This sub-fund utilizes underlying investment strategies to achieve its investment objective:

For investments in active equity and fixed income strategies managed by UBS Asset Management, good corporate governance is embedded in the investment strategy of the underlying portfolio manager. The assessment of good governance includes consideration of board structure and independence, remuneration alignment, transparency of ownership and control, and financial reporting. For active equity and fixed income strategies managed by UBS Asset Management, the portfolio manager employs a proprietary ESG Risk Dashboard that combines multiple ESG data sources from internal and recognized external providers in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the portfolio manager for incorporation in their investment decision making process.

For investments in passively managed strategies that track an ESG index, good governance practices of the investee companies are assessed by the index provider as appropriate to the index family.

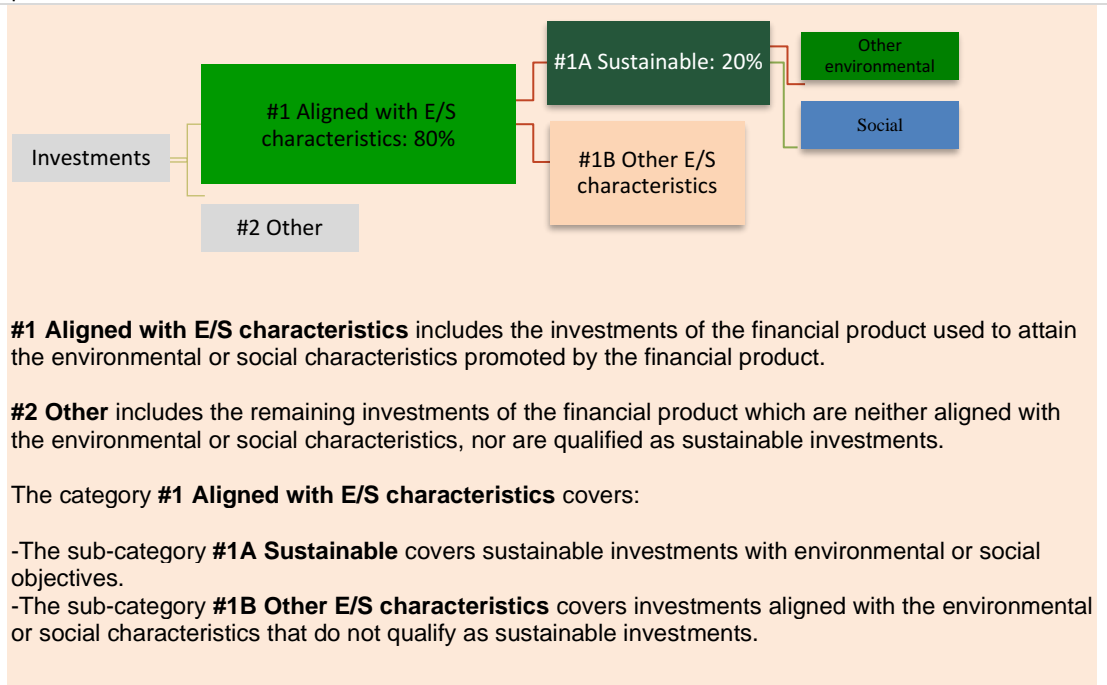
Investments in third party managed funds are assessed via the UBS Asset Management manager research process. UBS Asset Management evaluates the strategies of external asset managers to ensure that they meet UBS sustainability standards (“equivalency principle”).



**What is the asset allocation planned for this financial product?**

The minimum proportion of the investments used to meet the environmental and/or social characteristics promoted by the financial product is 80%. The minimum proportion of sustainable investments of the financial product is 20%.

**Asset allocation** describes the share of investments in specific assets.



**Taxonomy-aligned** activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.


• **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**


Derivatives are not used for the attainment of the characteristics promoted by this financial product. Derivatives are primarily used for hedging and liquidity management purposes.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

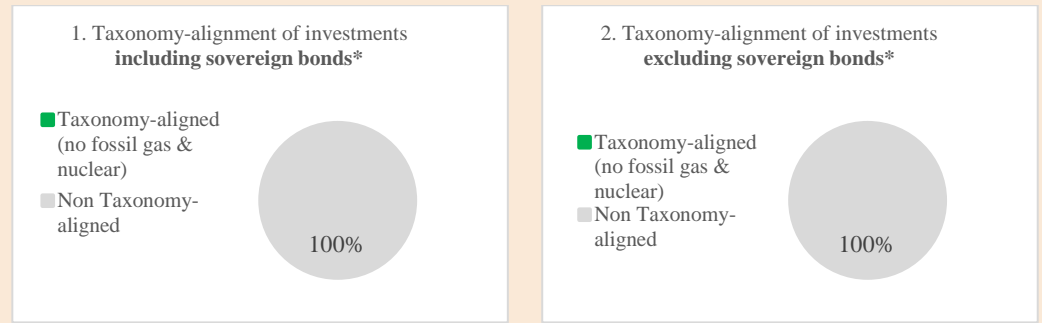
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

 are environmentally sustainable investments **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

	<p><b>To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?</b></p>
	<p>It has not been possible to collect data on the environmental objective(s) set out in Article 9 of the Taxonomy Regulation and on how and to what extent the investments underlying the financial product are in economic activities that qualify as environmentally sustainable under Article 3 of the Taxonomy Regulation (“Taxonomy Aligned Investments”). On that basis, the financial product has 0% Taxonomy Aligned Investments.</p>
	<p>● <b>Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>2</sup>?</b></p>
	<p><input type="checkbox"/> Yes:  <input type="checkbox"/> In fossil gas      <input type="checkbox"/> In nuclear energy  <input checked="" type="checkbox"/> No</p>





*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures

	<p>● <b>What is the minimum share of investments in transitional and enabling activities?</b></p>
	<p>There is no commitment to a minimum proportion of investments in transitional and enabling activities.</p>
	<p><b>What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?</b></p>
	<p>The sustainable investments made by the financial product will contribute to either environmental or social objectives or both. The financial product does not commit to a predetermined combination of environmental or</p>

<sup>2</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

	social objectives, and therefore there is no minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy. Where the financial product does invest in environmentally sustainable investments that are not Taxonomy-aligned, this is due to the absence of necessary data to determine Taxonomy-alignment.
	<b>What is the minimum share of socially sustainable investments?</b>
	The sustainable investments made by the financial product will contribute to either environmental or social objectives or both. The financial product does not commit a predetermined combination of environmental or social objectives, and therefore there is no minimum share of socially sustainable investments.
	<b>What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?</b>
	Included in “#2 Other” are cash and unrated instruments for the purpose of liquidity and portfolio risk management. Unrated instruments may also include securities for which data needed for the measurement of attainment of environmental or social characteristics is not available.
	<b>Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?</b>
	No ESG reference benchmark has been designated for the purpose of determining whether the financial product is aligned with the characteristics that it promotes.
	<ul style="list-style-type: none"> <li>● <b><i>How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?</i></b> Not applicable.</li> </ul>
	<ul style="list-style-type: none"> <li>● <b><i>How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?</i></b> Not applicable.</li> </ul>
	<ul style="list-style-type: none"> <li>● <b><i>How does the designated index differ from a relevant broad market index?</i></b> Not applicable.</li> </ul>
	<ul style="list-style-type: none"> <li>● <b><i>Where can the methodology used for the calculation of the designated index be found?</i></b> Not applicable.</li> </ul>
	<b>Where can I find more product specific information online?</b>
	More product-specific information can be found on the website: <a href="http://www.ubs.com/funds">www.ubs.com/funds</a>

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product name:**

UBS (Lux) Key Selection SICAV - Digital Transformation Themes (USD)

**Legal entity identifier:**

549300HZC1RPILEBHN95

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

**Yes**

It will make a minimum of **sustainable investments with an environmental objective**: \_\_\_\_ %

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective**: \_\_\_\_ %

**No**

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_\_% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**

**Sustainable investment**

means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

**The EU Taxonomy**

is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



## What environmental and/or social characteristics are promoted by this financial product?

The following characteristics are promoted by the financial product:

- 1) A lower Weighted Average Carbon Intensity (WACI) than the reference benchmark or a low absolute carbon profile.
- 2) A sustainability profile that is higher than its benchmark's sustainability profile or a minimum of 51 % of assets invested in companies with a sustainability profile in the top half of the benchmark.

The benchmark is a broad market index which does not assess or include constituents according to environmental and/or social characteristics and therefore is not intended to be consistent with the characteristics promoted by the financial product. No ESG reference benchmark has been designated for the purpose of attaining the characteristics promoted by the financial product.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The characteristics are measured using the following indicators respectively:

For characteristic 1):

Scope 1 and 2 Weighted Average Carbon Intensity (WACI):

- Scope 1 refers to direct carbon emissions and therefore includes all direct greenhouse gas emissions from owned or controlled sources of the relevant entity or issuer.

- Scope 2 refers to indirect carbon emissions and therefore includes greenhouse gas emissions from the generation of electricity, thermal energy and/or steam that is consumed by the relevant entity or issuer.

Low absolute carbon profile is defined as below 100 tonnes of CO<sub>2</sub> emissions per million US dollars of revenues.

For characteristic 2):

The UBS ESG consensus score is used to identify issuers/companies for the investment universe with strong environmental and social performance characteristics, or a strong sustainability profile. This UBS ESG consensus score is a normalized weighted average of ESG score data from internal and recognized external providers. Rather than relying on an ESG score from a single provider, the consensus score approach increases conviction in the validity of the sustainability profile.

The UBS ESG consensus score assesses sustainability factors, such as the performance of the relevant issuers/companies with reference to environmental, social and governance (ESG) aspects. These ESG aspects relate to the main areas in which the issuers/companies operate and their effectiveness in managing ESG risks. Environmental and social factors can include (amongst others) the following: environmental footprint and operational efficiency, environmental risk management, climate change, natural resource usage, pollution and waste management, employment standards and supply chain monitoring, human capital, diversity within the board of directors, occupational health and safety, product safety, as well as anti-fraud and anti-corruption guidelines.

The individual investments in the sub-fund have a UBS ESG consensus score (on a scale of 0-10, with 10 having the best sustainability profile).

With respect to the sub-fund's investments the Portfolio Manager includes ESG analysis by means of the UBS ESG Consensus Score (by number of issuer) for at least (i) 90% of the securities issued by large capitalisation companies domiciled in "developed" countries and (ii) 75% of the securities issued by large capitalisation companies domiciled in "emerging" countries (by reference to the benchmark) and at least 75% for all other companies.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti - corruption and anti - bribery matters.

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

*The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.*

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

No



The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

**What investment strategy does this financial product follow?**

**ESG Integration:**

ESG Integration is driven by taking into account material ESG risks as part of the research process. ESG integration enables the Portfolio Manager to identify financially relevant sustainability factors that impact investment decisions and to incorporate ESG considerations when implementing investment decisions, and allows ESG risks to be systematically monitored and compared to risk appetite and constraints. It also assists in portfolio construction through securities selection, investment conviction and portfolio weightings.

- For corporate issuers, this process utilizes an internal UBS ESG material issues framework which identifies the financially relevant factors per sector that can impact investment decisions. This orientation toward financial materiality ensures that analysts focus on sustainability factors that can impact the financial performance of the company and therefore investment returns. ESG integration can also identify opportunities for engagement to improve the company’s ESG risk profile and thereby mitigate the potential negative impact of ESG issues on the company’s financial performance. The Portfolio Manager employs an internal UBS ESG risk dashboard that combines multiple internal and external ESG data sources in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process.

- For non-corporate issuers, the Portfolio Manager applies a qualitative or quantitative ESG risk assessment that integrates data on material ESG factors.

The analysis of material sustainability/ESG considerations can include many different aspects, such as the following among others: the carbon footprint, health and well-being, human rights, supply chain management, fair customer treatment and governance.

**Sustainability Exclusion Policy:**

The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The following binding element(s) of the investment strategy are used to select the investments to attain the characteristic(s) promoted by this financial product:

Characteristic 1):

A lower Scope 1 and 2 Weighted Average Carbon Intensity (WACI) than its benchmark or a low absolute carbon profile.

Characteristic 2):

A sustainability profile that is higher than its benchmark's sustainability profile or a minimum of 51% of assets invested in companies with a sustainability profile in the top half of the benchmark.

The calculations do not take account of cash, derivatives and unrated investment instruments.

The characteristic(s) and the minimum proportion of investments used to meet the environmental and/or social characteristics promoted by the financial product are calculated at quarter end using the average of all business days' values in the quarter.

**Sustainability Exclusion Policy:**

The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

Good corporate governance is a key driver of sustainable performance and is therefore embedded in the Portfolio Manager's investment strategy. The Portfolio Manager employs a proprietary ESG Risk Dashboard that combines multiple ESG data sources from internal and recognized external providers in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process. The assessment of good governance includes consideration of board structure and independence, remuneration alignment, transparency of ownership and control, and financial reporting.

**Good governance**  
practices include sound management structures, employee relations, remuneration of staff and tax compliance.





**Asset allocation** describes the share of investments in specific assets.

**Taxonomy-aligned** activities are expressed as a share of:

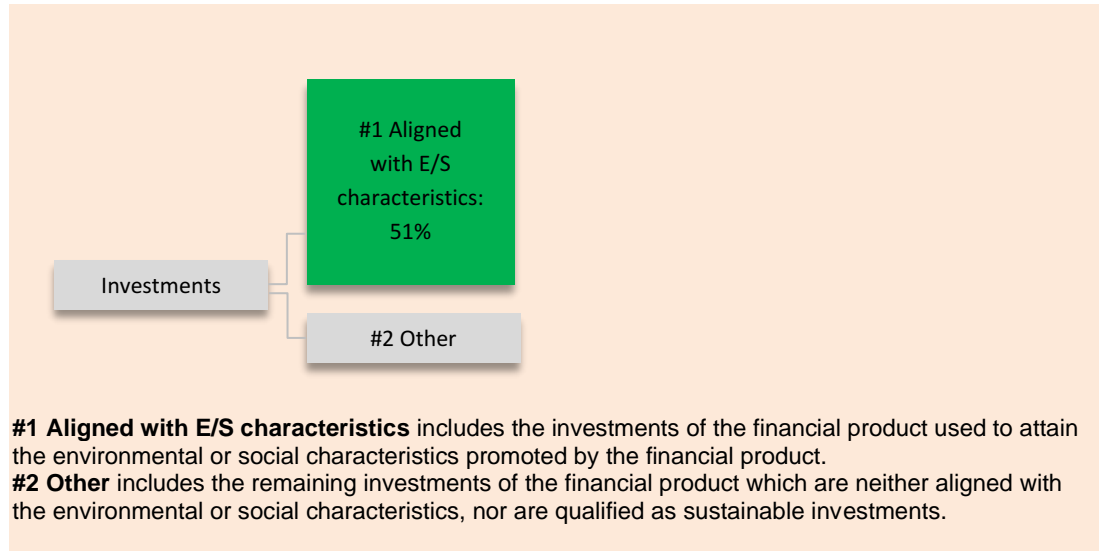
- **turnover** reflecting the share of revenue from green activities of investee companies

- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.

- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

## What is the asset allocation planned for this financial product?

The minimum proportion of the investments used to meet the environmental and/or social characteristics promoted by the financial product is 51%.



- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Derivatives are not used for the attainment of the characteristics promoted by this financial product. Derivatives are primarily used for hedging and liquidity management purposes.



## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>3</sup>?**

Yes:

In fossil gas

In nuclear energy

No


*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

<sup>3</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

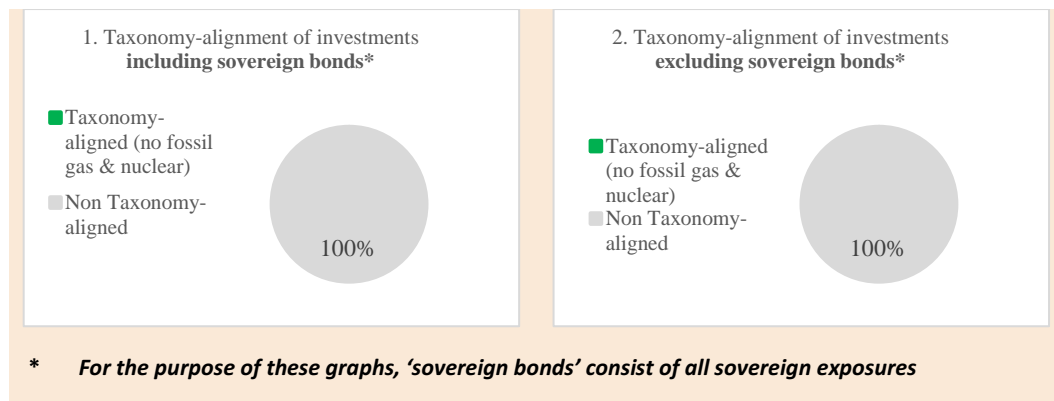
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

 are environmentally sustainable investments that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



- **What is the minimum share of investments in transitional and enabling activities?**  
Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not applicable.



**What is the minimum share of socially sustainable investments?**

Not applicable.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

Included in “#2 Other” are cash and unrated instruments for the purpose of liquidity and portfolio risk management. Unrated instruments may also include securities for which data needed for the measurement of attainment of environmental or social characteristics is not available.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No ESG reference benchmark has been designated for the purpose of determining whether the financial product is aligned with the characteristics that it promotes.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
Not applicable.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
Not applicable.
- **How does the designated index differ from a relevant broad market index?**  
Not applicable.
- **Where can the methodology used for the calculation of the designated index be found?**  
Not applicable.



**Where can I find more product specific information online?**

More product-specific information can be found on the website: [www.ubs.com/funds](http://www.ubs.com/funds)

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product name:**

UBS (Lux) Key Selection SICAV - European Equity Sustainable Leaders (EUR)

**Legal entity identifier:**

3912007JQLI74HDHRR69

**Environmental and/or social characteristics**

**Does this financial product have a sustainable investment objective?**

**Yes**

It will make a minimum of **sustainable investments with an environmental objective**: \_\_\_\_ %

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective**: \_\_\_\_ %

**No**

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 50% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

## What environmental and/or social characteristics are promoted by this financial product?

The following characteristic is promoted by the financial product:

A sustainability profile that is higher than its benchmark's sustainability profile or a UBS ESG consensus score between 7 and 10 (indicating a strong sustainability profile).

The benchmark is a broad market index which does not assess or include constituents according to environmental and/or social characteristics and therefore is not intended to be consistent with the characteristics promoted by the financial product. No ESG reference benchmark has been designated for the purpose of attaining the characteristics promoted by the financial product.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The above characteristic is measured using the following indicators respectively:

The UBS ESG consensus score is used to identify issuers/companies for the investment universe with strong environmental and social performance characteristics, or a strong sustainability profile. This UBS ESG consensus score is a normalized weighted average of ESG score data from internal and recognized external providers. Rather than relying on an ESG score from a single provider, the consensus score approach increases conviction in the validity of the sustainability profile.

The UBS ESG consensus score assesses sustainability factors, such as the performance of the relevant issuers/companies with reference to environmental, social and governance (ESG) aspects. These ESG aspects relate to the main areas in which the issuers/companies operate and their effectiveness in managing ESG risks. Environmental and social factors can include (amongst others) the following: environmental footprint and operational efficiency, environmental risk management, climate change, natural resource usage, pollution and waste management, employment standards and supply chain monitoring, human capital, diversity within the board of directors, occupational health and safety, product safety, as well as anti-fraud and anti-corruption guidelines.

The individual investments in the sub-fund have a UBS ESG consensus score (on a scale of 0-10, with 10 having the best sustainability profile).

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The objectives of the sustainable investments that the financial product partially intends to make is to contribute to the environmental and/or social characteristic(s) promoted by the financial product.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The Portfolio Manager applies exclusions to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.

The exclusions include thermal coal mining and thermal coal-based energy production & oil sands. UBS Asset Management does not invest in companies involved in controversial weapons i.e. cluster munitions, anti-personnel mines, chemical and biological weapons, or companies in breach of the Treaty on the Non-Proliferation of Nuclear Weapons.

Investments are positively screened according to the environmental and/or social characteristics promoted by the financial product.

### *How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Portfolio Manager employs a proprietary ESG Risk Dashboard, the Dashboard allows equity and credit analysts to quickly identify companies with significant ESG risks via the "UBS ESG Risk Signal". This clear, actionable signal serves as starting point for more in-depth analysis of the underlying sources of these risks and the links to their investment cases.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti - corruption and anti - bribery matters.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Companies violating the United Nations Global Compact (UNGC) principles, who do not demonstrate credible corrective action will be excluded from the investment universe.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

*The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.*

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



### **Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

Principal adverse impacts (the “PAI”) are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters. UBS integrates PAI indicators in its decision making process.

At present, the following PAI indicators are considered by means of exclusions from the investment universe:

#### 1.4 “Exposure to companies active in the fossil fuel sector”:

- Companies that exceed a certain revenue threshold (as per the UBS AM Sustainability Exclusion Policy) from thermal coal mining and its sale to external parties or from oil sands extraction are excluded
- Companies that exceed a certain revenue threshold (as per the UBS AM Sustainability Exclusion Policy) from thermal coal-based power generation are excluded.

#### 1.10 “Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises”:

- Companies violating the United Nations Global Compact (UNGC) principles which do not demonstrate credible corrective action as determined by UBS-AM’s Stewardship Committee are excluded

#### 1.14 “Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)”:

- UBS-AM does not invest in companies involved in: cluster munitions, anti-personnel mines or chemical and biological weapons, nor does it invest in companies in breach of the Treaty on the Non- Proliferation of Nuclear Weapons. UBS-AM considers a company to be involved in controversial weapons if the company is involved in development, production, storage, maintenance or transport of controversial weapons, or is a majority shareholder (>50% ownership stake) of such a company.

The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.

When assessing “do no significant harm” (DNSH), we consider selected principal adverse impact indicators based on availability and appropriateness. These indicators are combined into a signal based on individual thresholds defined per indicator. A fail on a single indicator leads to an investment failing the DNSH criteria. The following PAI indicators are additionally part of this signal:

1.7 “Activities negatively affecting bio-diversity-sensitive areas”

1.13 “Board gender diversity”

1.15. “GHG Intensity”

1.16. “Investee countries subject to social violations”

Information on consideration of PAIs on sustainability factors is also available in the sub-fund’s annual report.

No



**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

## What investment strategy does this financial product follow?

### **ESG Integration:**

ESG Integration is driven by taking into account material ESG risks as part of the research process. ESG integration enables the Portfolio Manager to identify financially relevant sustainability factors that impact investment decisions and to incorporate ESG considerations when implementing investment decisions, and allows ESG risks to be systematically monitored and compared to risk appetite and constraints. It also assists in portfolio construction through securities selection, investment conviction and portfolio weightings.

- For corporate issuers, this process utilizes an internal UBS ESG material issues framework which identifies the financially relevant factors per sector that can impact investment decisions. This orientation toward financial materiality ensures that analysts focus on sustainability factors that can impact the financial performance of the company and therefore investment returns. ESG integration can also identify opportunities for engagement to improve the company’s ESG risk profile and thereby mitigate the potential negative impact of ESG issues on the company’s financial performance. The Portfolio Manager employs an internal UBS ESG risk dashboard that combines multiple internal and external ESG data sources in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process.

- For non-corporate issuers, the Portfolio Manager applies a qualitative or quantitative ESG risk assessment that integrates data on material ESG factors.

The analysis of material sustainability/ESG considerations can include many different aspects, such as the following among others: the carbon footprint, health and well-being, human rights, supply chain management, fair customer treatment and governance.

### **Fund specific exclusions:**

The sub-fund excludes companies with a sustainability profile that indicates high or severe ESG risk.

### **Sustainability Exclusion Policy:**

The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The following binding element(s) of the investment strategy are used to select the investments to attain the characteristic(s) promoted by this financial product:

A sustainability profile that is higher than its benchmark’s sustainability profile or a UBS ESG consensus score between 7 and 10 (indicating a strong sustainability profile).

The calculations do not take account of cash, derivatives and unrated investment instruments.

The characteristic(s), the minimum proportion of sustainable investments and the minimum proportion of investments used to meet the environmental and/or social characteristics promoted by the financial product are calculated at quarter end using the average of all business days’ values in the quarter.

### **Fund specific exclusions:**

The sub-fund excludes companies with a sustainability profile that indicates high or severe ESG risk.

### Sustainability Exclusion Policy:

The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

Not applicable.

- **What is the policy to assess good governance practices of the investee companies?**

Good corporate governance is a key driver of sustainable performance and is therefore embedded in the Portfolio Manager's investment strategy. The Portfolio Manager employs a proprietary ESG Risk Dashboard that combines multiple ESG data sources from internal and recognized external providers in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process. The assessment of good governance includes consideration of board structure and independence, remuneration alignment, transparency of ownership and control, and financial reporting.

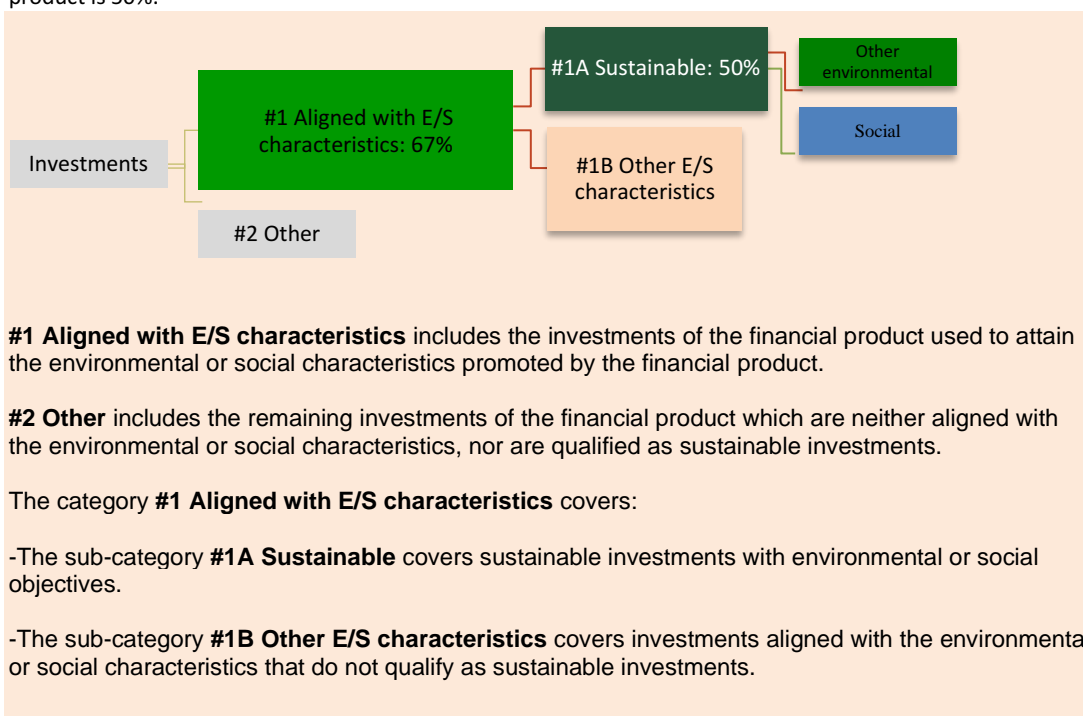
**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



**Asset allocation** describes the share of investments in specific assets.

### **What is the asset allocation planned for this financial product?**

The minimum proportion of the investments used to meet the environmental and/or social characteristics promoted by the financial product is 67%. The minimum proportion of sustainable investments of the financial product is 50%.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

-The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.

-The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Derivatives are not used for the attainment of the characteristics promoted by this financial product. Derivatives are primarily used for hedging and liquidity management purposes.



### **To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

It has not been possible to collect data on the environmental objective(s) set out in Article 9 of the Taxonomy Regulation and on how and to what extent the investments underlying the financial product are in economic activities that qualify as environmentally sustainable under Article 3 of the Taxonomy Regulation ("Taxonomy Aligned Investments"). On that basis, the financial product has 0% Taxonomy Aligned Investments.



To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>4</sup>?**

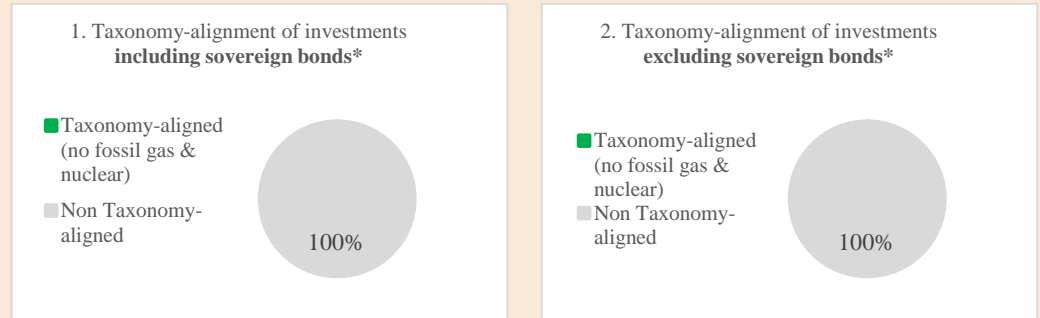
Yes:

In fossil gas

In nuclear energy

No

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- **What is the minimum share of investments in transitional and enabling activities?**

There is no commitment to a minimum proportion of investments in transitional and enabling activities.

are environmentally sustainable investments that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.



### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The sustainable investments made by the financial product will contribute to either environmental or social objectives or both. The financial product does not commit to a predetermined combination of environmental or social objectives, and therefore there is no minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy. Where the financial product does invest in environmentally sustainable investments that are not Taxonomy-aligned, this is due to the absence of necessary data to determine Taxonomy-alignment.



### What is the minimum share of socially sustainable investments?

The sustainable investments made by the financial product will contribute to either environmental or social objectives or both. The financial product does not commit a predetermined combination of environmental or social objectives, and therefore there is no minimum share of socially sustainable investments.



### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

<sup>4</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Included in “#2 Other” are cash and unrated instruments for the purpose of liquidity and portfolio risk management. Unrated instruments may also include securities for which data needed for the measurement of attainment of environmental or social characteristics is not available.



**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No ESG reference benchmark has been designated for the purpose of determining whether the financial product is aligned with the characteristics that it promotes.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***  
Not applicable.
- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***  
Not applicable.
- ***How does the designated index differ from a relevant broad market index?***  
Not applicable.
- ***Where can the methodology used for the calculation of the designated index be found?***  
Not applicable.



**Where can I find more product specific information online?**

More product-specific information can be found on the website: [www.ubs.com/funds](http://www.ubs.com/funds)

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product name:**

**Legal entity identifier:**

UBS (Lux) Key Selection SICAV - European Financial Debt Sustainable (EUR)

391200XN2QPB34QG1E38

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
<span style="color: green;">●●</span> <input type="checkbox"/> <b>Yes</b>	<span style="color: green;">●</span> <span style="color: white;">●</span> <input checked="" type="checkbox"/> <b>No</b>
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ____ %	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments
<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> _____ %	<input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/>	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**What environmental and/or social characteristics are promoted by this financial product?**

The following characteristic is promoted by the financial product:

- A sustainability profile that is higher than its benchmark’s sustainability profile.

The benchmark is a broad market index which does not assess or include constituents according to environmental and/or social characteristics and therefore is not intended to be consistent with the characteristics promoted by the financial product. No ESG reference benchmark has been designated for the purpose of attaining the characteristics promoted by the financial product.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The above characteristic is measured using the following indicators respectively:

The UBS ESG consensus score is used to identify issuers/companies for the investment universe with strong environmental and social performance characteristics, or a strong sustainability profile. This UBS ESG consensus score is a normalized weighted average of ESG score data from internal and recognized external providers. Rather than relying on an ESG score from a single provider, the consensus score approach increases conviction in the validity of the sustainability profile.

The UBS ESG consensus score assesses sustainability factors, such as the performance of the relevant issuers/companies with reference to environmental, social and governance (ESG) aspects. These ESG aspects relate to the main areas in which the issuers/companies operate and their effectiveness in managing ESG risks. Environmental and social factors can include (amongst others) the following: environmental footprint and operational efficiency, environmental risk management, climate change, natural resource usage, pollution and waste management, employment standards and supply chain monitoring, human capital, diversity within the board of directors, occupational health and safety, product safety, as well as anti-fraud and anti-corruption guidelines.

The individual investments in the sub-fund have a UBS ESG consensus score (on a scale of 0-10, with 10 having the best sustainability profile).

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The objectives of the sustainable investments that the financial product partially intends to make is to contribute to the environmental and/or social characteristic(s) promoted by the financial product.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

The Portfolio Manager applies exclusions to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.

The exclusions include thermal coal mining and thermal coal-based energy production & oil sands. UBS Asset Management does not invest in companies involved in controversial weapons i.e. cluster munitions, anti-personnel mines, chemical and biological weapons, or companies in breach of the Treaty on the Non-Proliferation of Nuclear Weapons.

Investments are positively screened according to the environmental and/or social characteristics promoted by the financial product.

***How have the indicators for adverse impacts on sustainability factors been taken into account?***

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti - corruption and anti - bribery matters.

	The Portfolio Manager employs a proprietary ESG Risk Dashboard, the Dashboard allows equity and credit analysts to quickly identify companies with significant ESG risks via the "UBS ESG Risk Signal". This clear, actionable signal serves as starting point for more in-depth analysis of the underlying sources of these risks and the links to their investment cases.
	<i>How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?</i>
	Companies violating the United Nations Global Compact (UNGC) principles, who do not demonstrate credible corrective action will be excluded from the investment universe.
	<p><i>The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.</i></p> <p><i>The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.</i></p> <p><i>Any other sustainable investments must also not significantly harm any environmental or social objectives.</i></p>



#### **Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

Principal adverse impacts (the “PAI”) are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters. UBS integrates PAI indicators in its decision making process.

At present, the following PAI indicators are considered by means of exclusions from the investment universe:

##### 1.4 “Exposure to companies active in the fossil fuel sector”:


- Companies that exceed a certain revenue threshold (as per the UBS AM Sustainability Exclusion Policy) from thermal coal mining and its sale to external parties or from oil sands extraction are excluded
- Companies that exceed a certain revenue threshold (as per the UBS AM Sustainability Exclusion Policy) from thermal coal-based power generation are excluded.


##### 1.10 “Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises”:

- Companies violating the United Nations Global Compact (UNGC) principles which do not demonstrate credible corrective action as determined by UBS-AM’s Stewardship Committee are excluded

##### 1.14 “Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)”:

- UBS-AM does not invest in companies involved in: cluster munitions, anti-personnel mines or chemical and biological weapons, nor does it invest in companies in breach of the Treaty on the Non- Proliferation of Nuclear Weapons. UBS-AM considers a company to be involved in controversial weapons if the company is involved in development, production, storage, maintenance or transport of controversial weapons, or is a majority shareholder (>50% ownership stake) of such a company.

	<p>The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p> <p>When assessing “do no significant harm” (DNSH), we consider selected principal adverse impact indicators based on availability and appropriateness. These indicators are combined into a signal based on individual thresholds defined per indicator. A fail on a single indicator leads to an investment failing the DNSH criteria. The following PAI indicators are additionally part of this signal:</p> <p><u>1.7 “Activities negatively affecting bio-diversity-sensitive areas”</u></p> <p><u>1.13 “Board gender diversity”</u></p> <p><u>1.15. “GHG Intensity”</u></p> <p><u>1.16. “Investee countries subject to social violations”</u></p> <p>Information on consideration of PAIs on sustainability factors is also available in the sub-fund’s annual report.</p>
	<p><input type="checkbox"/> No</p>
<p></p> <p><b>The investment strategy</b> guides investment decisions based on factors such as investment objectives and risk tolerance.</p>	<p><b>What investment strategy does this financial product follow?</b></p> <p><b><u>ESG Integration:</u></b>  ESG Integration is driven by taking into account material ESG risks as part of the research process. ESG integration enables the Portfolio Manager to identify financially relevant sustainability factors that impact investment decisions and to incorporate ESG considerations when implementing investment decisions, and allows ESG risks to be systematically monitored and compared to risk appetite and constraints. It also assists in portfolio construction through securities selection, investment conviction and portfolio weightings.</p> <ul style="list-style-type: none"> <li>• For corporate issuers, this process utilizes an internal UBS ESG material issues framework which identifies the financially relevant factors per sector that can impact investment decisions. This orientation toward financial materiality ensures that analysts focus on sustainability factors that can impact the financial performance of the company and therefore investment returns. ESG integration can also identify opportunities for engagement to improve the company’s ESG risk profile and thereby mitigate the potential negative impact of ESG issues on the company’s financial performance. The Portfolio Manager employs an internal UBS ESG risk dashboard that combines multiple internal and external ESG data sources in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process.</li> <li>• For non-corporate issuers, the Portfolio Manager applies a qualitative or quantitative ESG risk assessment that integrates data on material ESG factors.</li> </ul> <p>The analysis of material sustainability/ESG considerations can include many different aspects, such as the following among others: the carbon footprint, health and well-being, human rights, supply chain management, fair customer treatment and governance.</p> <p><b><u>Fund specific exclusions:</u></b></p> <p>Issuers are assessed for ESG risks using a proprietary UBS ESG Risk Recommendation, which rates issuers using a five-point scale (1 – negligible, 2 – low, 3 – moderate, 4 – high and 5 – severe ESG risk). The sub-funds will generally exclude corporate issuers with risks identified in the ESG Risk Dashboard (described in the ESG Integration section) unless the overall UBS ESG risk recommendation is between 1 and 3. Due to diversification requirements, it is permitted to hold in the portfolio securities of issuers with identified ESG risks of up to 20% rated 4 and up to 10% unrated (for example, due to new issuance or availability of information).</p> <p><b><u>Sustainability Exclusion Policy:</u></b></p> <p>The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p>

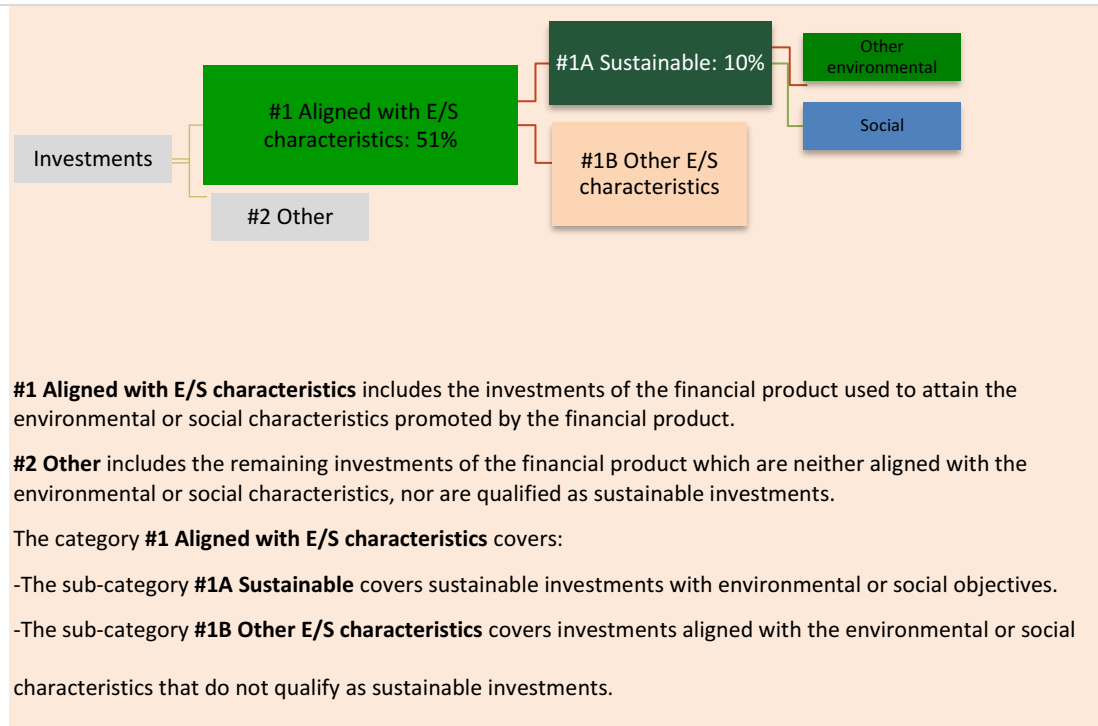
	<ul style="list-style-type: none"> <li>● <b>What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?</b></li> </ul> <p>The following binding element(s) of the investment strategy are used to select the investments to attain the characteristic(s) promoted by this financial product:</p> <p>A sustainability profile that is higher than the benchmark's sustainability profile.</p> <p>The calculations do not take account of cash, derivatives and unrated investment instruments.</p> <p>The characteristic(s), the minimum proportion of sustainable investments and the minimum proportion of investments used to meet the environmental and/or social characteristics promoted by the financial product are calculated at quarter end using the average of all business days' values in the quarter.</p> <p><b>Fund specific exclusions:</b></p> <p>Issuers are assessed for ESG risks using a proprietary UBS ESG Risk Recommendation, which rates issuers using a five-point scale (1 – negligible, 2 – low, 3 – moderate, 4 – high and 5 – severe ESG risk). The sub-funds will generally exclude corporate issuers with risks identified in the ESG Risk Dashboard (described in the ESG Integration section) unless the overall UBS ESG risk recommendation is between 1 and 3. Due to diversification requirements, it is permitted to hold in the portfolio securities of issuers with identified ESG risks of up to 20% rated 4 and up to 10% unrated (for example, due to new issuance or availability of information).</p> <p><b>Sustainability Exclusion Policy:</b></p> <p>The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p>
	<ul style="list-style-type: none"> <li>● <b>What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?</b></li> </ul>
	<p>Not applicable.</p>
<p><b>Good governance</b> practices include sound management structures, employee relations, remuneration of staff and tax compliance.</p>	<ul style="list-style-type: none"> <li>● <b>What is the policy to assess good governance practices of the investee companies?</b></li> </ul> <p>Good corporate governance is a key driver of sustainable performance and is therefore embedded in the Portfolio Manager's investment strategy. The Portfolio Manager employs a proprietary ESG Risk Dashboard that combines multiple ESG data sources from internal and recognized external providers in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process. The assessment of good governance includes consideration of board structure and independence, remuneration alignment, transparency of ownership and control, and financial reporting.</p>
 <p><b>Asset allocation</b> describes the share of investments in specific assets.</p>	<p><b>What is the asset allocation planned for this financial product?</b></p> <p>The minimum proportion of the investments used to meet the environmental and/or social characteristics promoted by the financial product is 51%. The minimum proportion of sustainable investments of the financial product is 10%.</p>

**Taxonomy-aligned** activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies

- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.

- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



	<b>How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?</b>
	Derivatives are not used for the attainment of the characteristics promoted by this financial product. Derivatives are primarily used for hedging and liquidity management purposes.
	<b>To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?</b>
	It has not been possible to collect data on the environmental objective(s) set out in Article 9 of the Taxonomy Regulation and on how and to what extent the investments underlying the financial product are in economic activities that qualify as environmentally sustainable under Article 3 of the Taxonomy Regulation (“Taxonomy Aligned Investments”). On that basis, the financial product has 0% Taxonomy Aligned Investments.
	● <b>Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>5</sup>?</b>
	<input type="checkbox"/> Yes: <input type="checkbox"/> In fossil gas <input type="checkbox"/> In nuclear energy <input checked="" type="checkbox"/> No

**The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of**


<sup>5</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

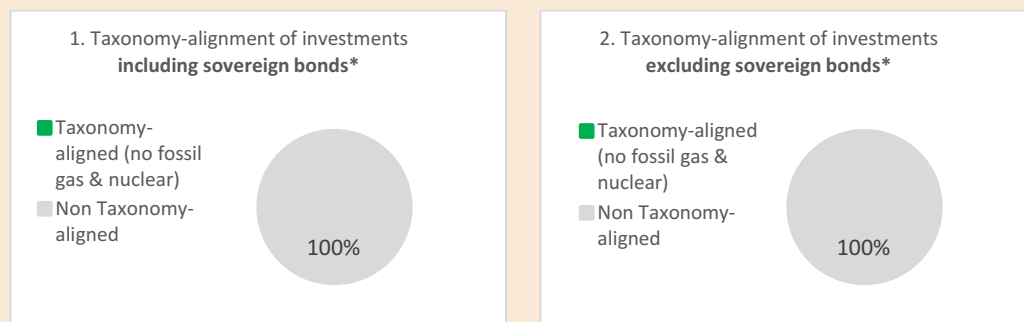
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

 are environmentally sustainable investments **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.


**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

**the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.**



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

	<ul style="list-style-type: none"> <li>• <b>What is the minimum share of investments in transitional and enabling activities?</b></li> </ul>
	There is no commitment to a minimum proportion of investments in transitional and enabling activities.
	<p><b>What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?</b></p> <p>The sustainable investments made by the financial product will contribute to either environmental or social objectives or both. The financial product does not commit to a predetermined combination of environmental or social objectives, and therefore there is no minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy. Where the financial product does invest in environmentally sustainable investments that are not Taxonomy-aligned, this is due to the absence of necessary data to determine Taxonomy-alignment.</p>
	<p><b>What is the minimum share of socially sustainable investments?</b></p> <p>The sustainable investments made by the financial product will contribute to either environmental or social objectives or both. The financial product does not commit a predetermined combination of environmental or social objectives, and therefore there is no minimum share of socially sustainable investments.</p>
	<p><b>What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?</b></p> <p>Included in “#2 Other” are cash and unrated instruments for the purpose of liquidity and portfolio risk management. Unrated instruments may also include securities for which data needed for the measurement of attainment of environmental or social characteristics is not available.</p>
	<p><b>Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?</b></p> <p>No ESG reference benchmark has been designated for the purpose of determining whether the financial product is aligned with the characteristics that it promotes.</p>
	<ul style="list-style-type: none"> <li>• <b>How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product</b></li> </ul>

	Not applicable.
	<ul style="list-style-type: none"> <li>● <b>How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?</b></li> </ul>
	Not applicable.
	<ul style="list-style-type: none"> <li>● <b>How does the designated index differ from a relevant broad market index?</b></li> </ul>
	Not applicable.
	<ul style="list-style-type: none"> <li>● <b>Where can the methodology used for the calculation of the designated index be found?</b></li> </ul>
	Not applicable.
	<p>Where can I find more product specific information online?</p> <p>More product-specific information can be found on the website:  <a href="http://www.ubs.com/funds">www.ubs.com/funds</a></p>